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1988 Guide to Industrial and Office Real Estate Markets

Includes 1987 Market Review and 1988 Forecast

Society of Industrial and Office REALTORS®
of the National Association of REALTORS®
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FOREWORD

by
John A. Tuccillo
Chief Economist and
Senior Vice President
Real Estate Finance
for the National Association of REALTORS®

It's a pleasure to present to you the Society of Industrial and Office REALTORS®' *1988 Guide to Industrial and Office Real Estate Markets.* The report is based on surveys of 105 industrial and 97 office markets across the country, conducted for SIOR by the Division of Economics and Research of the National Association of REALTORS®. We believe it is one of the most comprehensive analyses of commercial and industrial real estate markets available.

As the economy enters 1988, there are definite cracks in the facade of expansion. Rocked by the stock market crash, and perhaps overly swayed by the negative impact of media speculation, consumers have withdrawn from the market. The resulting drop in demand left GNP growing only because producers piled up unsold goods, setting the stage for a decline in growth early in the year. Similarly housing, which along with consumption had been driving the expansion, has fallen back a bit. These developments have left the expansion without an obvious leader, generating doubts about the economy's ability to reach yet a seventh boom year.

But ultimately these cracks will prove to be superficial. With low inflation, relatively moderate interest rates and an export production sector stimulated by a falling dollar, this economy has a substantial reservoir of strength. The current forecast calls for GNP growth of 1.0 to 1.5 percent in the first half of 1988 and an increase to three percent in the second half. This reflects what we see to be a strong surge in exports, leading to vigorous growth in the manufacturing sector and high rates of plant and equipment investment. All this suggests that we will see a seventh year of expansion.

As strong as the economy looks from one side, it shows distinct weakness in the financial sector. The events of October 1987 (crash? slide? correction?) may have little ultimate impact on the course of the economy. But they did signal -- quite clearly -- the perils facing a financial system trying to balance trillions of dollars in foreign trade, and consumer and public debt on the back of the lowest savings rate in history. When this expansion ends, it will fall in a financial break. Quite simply, we need to use our real economic strength to put our financial house in order -- or we will lose that power.

Real estate will, as usual, be crucially affected by all these trends. The most immediate impact of the stock market plunge and its accompanying financial sector layoff, for example, will be a reduction in the demand for office space. The cancellation by Salomon Brothers of its move to new headquarters in midtown Manhattan was a signal event, and behind it came many more smaller and similar decisions. As a consequence, the stabilization that had characterized the office sector in 1987 may well be set back in 1988, particularly in those metropolitan areas with a strong financial presence.

The outlook for industrial real estate is much brighter, as U.S. manufacturers attempt to expand their operations to meet growing demand for exports. In many of the industries where export growth will be concentrated, capacity utilization is high, suggesting that there will be a surge in plant and equipment investment during the year. This should increase the activity in industrial markets considerably.

But buoying both office and industrial markets will be the demand by foreign investors for U.S. properties. The devalued dollar and relatively low prices, coupled with the stability of this market, make investment in the United States quite attractive. Several cities, most notably Los Angeles, are already at or near 50 percent foreign ownership of commercial properties in their central business districts. And this trend will definitely continue through 1988.

ABOUT SIOR

The Society of Industrial and Office REALTORS® (SIOR) is a professional affiliate of the National Association of REALTORS®. The Society's 1,700 members in the U.S., Canada, and abroad specialize in serving industry throughout the world.

SIOR is comprised of a worldwide network of industrial and office real estate specialists with more than 1,000 cooperating offices in over 350 cities. Members work with each other to meet the needs of industrial and office property owners, users, and investors.

For a complimentary directory of SIOR members, call or write:

Society of Industrial and Office REALTORS®
777 Fourteenth Street, N.W.,
Suite 400
Washington, D.C. 20005-3271
202/383-1150

ABOUT THE SURVEY

SIOR presents its premier edition of the *Guide to Industrial and Office Real Estate Markets*, an annual report of market data compiled by a panel of SIOR members in major metropolitan areas in the U.S., Canada, and abroad. A total of 159 panelists reported on 105 industrial markets and 124 panelists reported on 97 office markets.

For the first time, this publication includes a detailed **review and forecast** of *both* industrial and office real estate markets, as well as an analysis of economic trends and their effect on industrial and office markets.

In addition, the survey is intended to be a general look at market conditions in individual market areas. Data are based on the panelists' own experience and transactions in their markets, as well as on information from a variety of other sources (see page xxiii).

In many cases, SIOR panelists consulted brokers, lenders, and other specialists in their areas to determine the most accurate and up-to-date data available. In all cases, statistics reflect the particular market conditions prevailing as viewed by the panelists in their specific areas at the time they submitted their completed questionnaires, on or about December 15, 1987.

For each industrial market, you will find the following information:

- Demographic statistics
- 1987 review and 1988 forecast
- Industrial market characteristics
- Dollar volume of sales and leases compared to a year ago
- Sales prices of prime industrial buildings
- Sales prices of prime industrial sites
- Annual lease prices of prime industrial buildings
- Rate of new construction compared to a year ago
- Construction costs of prime industrial buildings
- Vacancy situation for prime industrial properties
- Composition of absorption
- Financing for industrial properties
- Outlook for industrial real estate

A complete reproduction of the questionnaire used for the industrial survey begins on page 149.

For each office market, you will find the following information:

- Demographic statistics
- 1987 review and 1988 forecast
- Office market characteristics
- Levels of absorption
- New construction activity
- Gross rental rates for both Class A and Class B buildings
- Dollar value of standard work letter
- Parking ratios
- Utility rates
- Operating costs escalation
- List of major developers
- Outlook for office properties

A complete reproduction of the questionnaire used for the office survey begins on page 271.

GLOSSARY OF TERMS

Demographics

Population. Figures are for 1985 and are based on information from Primary or Consolidated metropolitan statistical areas chosen to most closely match SIOR market areas.

Population Growth Rate. This is the average annual percent change in populations between 1980 and 1985. Figures are based on U.S. Bureau of Census Data.

Employment Growth Rate. This is the average annual percent change in employment between 1975 and 1985. Figures are based on data from the Data Resources Regional Information Service.

Unemployment Rate. Figures are for November 1987 and are based on data from the Bureau of Labor Statistics.

Per Capital Income. Figures are real (1982 dollars) income per capita for 1984 and are based on data from the Data Resources Regional Information Service.

Industrial Markets

Central City versus Suburbs. Since the definition of urban and suburban varies widely from city to city, it is the responsibility of the individual market survey panelist to reflect his or her area's particular characteristics.

Construction Costs. Construction costs should reflect only hard construction costs such as general contractor, overhead, and profit, but exclude architectural and engineering fees, financing fees, and mortgage/brokerage fees for both construction and permanent financing.

Lease Prices. A gross lease is one in which the tenant's rent includes real estate taxes, fire and extended coverage insurance, as well as maintenance of the roof structure and outside walls. A net lease is one in which the tenant assumes the operating expenses of the leased premises.

Improved Sites. These sites are in the top 25 percent of overall desirability of the existing inventory. Such sites are in a "ready-to-build" condition and are essentially level and graded and serviced with all necessary utilities. Rail service may or may not be available.

Unimproved Sites. These sites are also in the top 25 percent of overall desirability of the existing inventory and zoned for industrial use. Streets and utilities may not yet be installed, but are reasonably close and available. Rail service may or may not be available

Prime High-Tecnnology Building. Generally, high-technology buildings are 30 percent or more office, fully air-conditioned, 12-18' clear, have extensive landscaping and parking, and are architecturally impressive. In some areas of the country where high-tech industries are not prevalent, this building could be used as a showroom or as pure office.

Prime Industrial Building. A prime industrial building is in the top 25 percent of overall desirability of the existing inventory. Such buildings are considered to be for general purpose uses such as industrial, research, warehouse and/or manufacturing. (Special purpose buildings are not to be considered in this category.)

Vacancy. Only completed buildings should be included in the available space inventory.

Office Markets

CBD. Central Business District space located near the historical urban core commonly associated with traditional government and financial districts in most cities.

OutCBD. Outside the CBD includes both suburban areas and "urban clusters" with areas of high office space concentrations which often rival nearby CBD's.

Class A. Excellent location, high quality tenants, high quality finish, well-maintained, professionally managed, and usually new, or old buildings that are competitive with new buildings.

Class B. Good location, professionally managed, fairly high quality construction and tenancy. Class B buildings generally show very little functional obsolescence and deterioration.

Current Construction. Total square footage presently under construction. Includes any space that will be available for occupancy before the end of 1988.

Net Absorption. Net absorption refers to the net change in occupied stock.

Standard Work Letter. Sometimes called a construction rider, this refers to the work that is to be done for the tenant by the landlord.

Typical Parking Ratio. The ratio refers to the availability of parking spaces per number of square feet leased by a tenant.

Average Utility Rates. Figures presented are dollars per square foot per year.

Operating Cost Escalation. Operating cost escalation refers to the procedure used to adjust rents over the term of a lease.

Rental Rate Discount Factor. The rental rate discount factor is the cumulative effect of landlord lease concessions on gross rental rates.

INDUSTRIAL SURVEY PANELISTS BY COUNTRY AND CITY

CANADA

Montreal, Quebec
- Philip H. Braendel, Jr.
  - Services Immobiliers Royal LePage LTEE
- David R. Mills
  - Services Immobiliers Royal LePage LTEE

Toronto, Ontario
- Douglas J. Henderson
  - Royal LePage Real Estate Services LTD.
- Ramsay Lunan
  - Coldwell Banker Canada, Inc.

ENGLAND

London
- John C. Percival
  - Edward Rushton Son & Kenyon

FRANCE

Paris
- Jean-Claude Bourdais
  - Bourdais S.A.
- Paul-Louis Camizon
  - Feau-Hampton
- Claude Heurteux
  - Auguste Thouard

UNITED STATES

Albany, NY
- Robert Cohn
  - Robert Cohn Associates
- Jeffrey M. Sperry
  - Robert Cohn Associates

Albuquerque, NM
- Victor S. Bruno
  - Vic Bruno Company
- John W. Daly
  - John Daly & Associates

Atlanta, GA
- Stephen W. Wright
  - The Stephen W. Wright Company

Austin, TX
- Jerry Heare
  - Commercial Industrial Properties Company
- Royce O. Lacey
  - Commercial Industrial Properties Company

Baltimore, MD
- James V. Caronna
  - Industrial Realty Company
- Robert Oare
  - Manekin Corporation
- John Skoglin
  - W.C. Pinkard Company

Birmingham, AL
- H. Michael Graham
  - Graham & Company, Inc.
- Stephen J. Shader
  - Shader Realty

Boston, MA
- Ernest C. Wronka
  - Hunneman Commercial Corporation

Buffalo, NY
- Max Becker, Jr.
  - Gurney, Becker & Bourne, Inc.

Bridgeport/Stratford, CT
- Edwin Lasner
  - Wm. Pitt Commercial Real Estate
- George Shawah
  - Baldwin Pearson Company, Inc.

Charleston, SC
- F. Daniel Batten, III
  - Battan & Tarrant

Charlotte, NC
- Albert C. Kirby
  - Vinson Realty Company, Inc.

Chicago, IL
- Rodger D. Chenore
  - Paine, Wetzel Associates, Inc.
- Steven Goode
  - Goode and Associates, Inc.
- Frank Minik
  - Rubloff Inc.
- Daniel P. Sokolowski
  - Cushman & Wakefield of Illinois

Cincinnati, OH
- Jerry Devitt
  - Jerry Devitt & Associates
- Alan R. Stein
  - Cline Realtors

Cleveland, OH
- Ken Fleming
  - Cragin, Lang, Free & Smythe, Inc.
- William J. Miele
  - Ostendorf Morris Company

Columbia, SC
- Gorham Boynton
  - Keenan Company, REALTORS

Columbus, OH
- Henry Coridan
  - Ohio Equities, Inc.
- Carroll Neff
  - Kohr Royer Griffith, Inc.
- Kenneth Wears
  - Wears, Kahn, McMenamy & Company

Contra Costa, CA
- John Shaw
  - Coldwell Banker Commercial Real Estate

Dallas, TX
- Chris G. Teesdale
  - The Swearingen Company
- Ken Wood
  - Darrow-Hildreth Company

Denver, CO
- Timothy J. McManus
  - Fuller & Company

Des Moines, IA
- Ronald E. Cross
  - The Cross Corporation
- J. Patrick Greene
  - Iowa Realty Commercial Brokers

Detroit, MI
- David J. Nitz
  - Manhattan Company, Inc.
- Jarvis J. Schmidt
  - Jarvis J. Schmidt & Company

El Paso, TX
- Robert M. Keller
  - James A. Keller Properties

Evansville, IN
Orrion W. Kattmann
Kattmann Realty Company

Fairfield/Vacaville, CA
John Shaw
Coldwell Banker Commercial Real Estate

Fort Lauderdale, FL
Wayne L. Rauch
Rauch, Weaver, Millsaps & Company

Fort Smith, AR
James L. Taylor
Jimmie Taylor, REALTORS

Fort Wayne, IN
Michael C. Dahm
Harding, Dahm & Company

Fresno, CA
Stewart D. Randall, Jr.
Charles Tingey Associates
Charles L. Tingey
Charles Tingey Associates

Gary-Hammond-East Chicago, IN
Richard E. Weiss
Richard Weiss Company, Inc.

Grand Rapids, MI
Stanley J. Wisinski, III
S.J. Wisinski & Company

Greensboro, NC
Charlie Weill
Robins & Weill, Inc.

Greenville, SC
Junius H. Garrison, Jr.
The Furman Company

Hartford, CT
William H. Farley
The Farley Company

Houston, TX
Lawrence E. Thompson
Thompson Jones & Kirk

Indianapolis, IN
Frederick A. (Fritz) Kauffman
F.C. Tucker Company, Inc.

Jackson, MS
James E. Turner, Jr.
J. Ed Turner Properties, Inc.

Jacksonville, FL
Warren D. Jolley
United Property Investors, Inc.
Lee D. Wedekind
Wesjax Development Company

Kansas City, KS/MO
Kenneth Block
Block & Company, Inc.
Lewis Dail
Zimmer-Steinbach Brokerage Company
H. DuMont Reed
Cohen-Esrey Real Estate Services, Inc.

Lakeland, FL
William H. Loftin
Loftin Real Estate, Inc.

Lansing, MI
Van W. Martin
Martin Associates Commercial
Properties, Inc.

Little Rock, AR
Bill McClard
Block Commercial Realty

Los Angeles–City of Industry, CA
William B. Renwick
The Seeley Company

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Joseph E. Maiolo
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George C. Schumacher
Penta Pacific Properties

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L.R. Sanders
Grubb & Ellis Company

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Collins Fuller Corporation

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The Seeley Company

Los Angeles–South Bay, CA
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Royal LePage

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Edward Rushton Son & Kenyon

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Jean-Claude Bourdais
Bourdais S.A.
Paul-Louis Camizon
Feau-Hampton
Claude Heurteux
Auguste Thouard

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Jeffrey Sperry
Robert Cohn Associates

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Terry L. Johnson
Berger Briggs Real Estate

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Commercial Industrial Properties Company
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R.J. Den Herder Associates, Inc.

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McBride Corporate Real Estate

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Mertz Corporation

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John Kushner & Associates, Inc.

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Leon Casper
Cushman & Wakefield, Inc.

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Richard Zirinsky Associates

New York–Nassau/Suffolk Counties, NY
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D'Angelo, Forrest, Rozzi & Company

New York–White Plains and Westchester County, NY
Robert F. Schwartz
Summit Realty Corporation

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Douglas D. Ellis
Robinson, Wetmore & Ellis
Gordon W. Munden
Charles G. Nusbaum, REALTOR
Samuel B. Segar, Jr.
Sam Segar & Associates, Inc.
Robert M. Thornton
Harvey Lindsay Real Estate

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Sheldon E. Crandall
Coldwell Banker Commercial Real Estate Services

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D.J. Blanton Company
Gerald L. Gamble
Gerald L. Gamble Company, Inc.

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Progress West Corporation

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Highwoods Properties Company

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Preston Q. Hale Company

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Kittrell Properties
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F.L. Sweeney Corporation

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WEST GERMANY

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1987 REVIEW AND 1988 FORECAST

Executive Summary

THE ECONOMY

1988 will be a year of slow growth, moderate inflation, stable interest rates, and improving trade balances.

The economic stimulus provided by consumption faded as 1987 ended. In 1988, increasing exports will help foster real GNP growth of 2.3 percent.

Industrial production jumped 5.2 percent in 1987 as the falling value of the dollar forced foreign manufacturers to raise their prices. Consumer prices in the U.S. increased 3.7 percent in 1987 and are forecasted to increase 4.1 percent in 1988.

Long-term interest rates will decline modestly during the first and second quarters of 1988 before edging back up to around 10.5 percent toward the end of the year.

REAL ESTATE

A "return to fundamentals" in 1988 does not spell the end to innovation in commercial and industrial real estate but transactions will be more carefully scrutinized.

Sales prices of warehouse/distribution properties and top quality office properties will be strong as institutional and foreign investors continue to aggressively increase their real estate assets.

The technical signals in the overall industrial market are nearly unanimously positive. Industrial market conditions would have to change significantly for 1988 not to be a banner year.

The overall office market is not nearly as strong. Regional weaknesses, coupled with softening markets in a few major cities, have created doubts about property values and yields.

As the dollar stabilizes against major world currencies, foreign investors will perceive a window of opportunity for acquiring real estate equity. Prices will seem attractive with limited risk of further dollar devaluation.

1987 REVIEW AND 1988 FORECAST

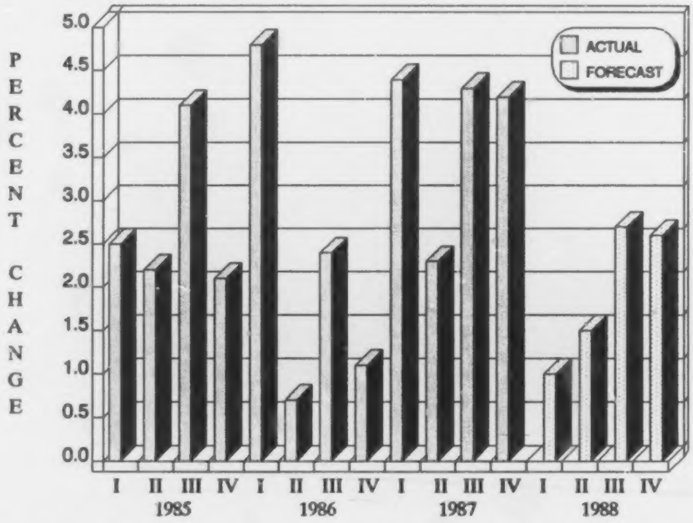
1987: THE YEAR IN REVIEW

What a year. To any person who habitually observes the interplay of economic forces in the world, 1987 was a year to remember. Deficit spending -- both by the federal government and by consumers -- reached record levels. The American public's insatiable appetite for imported goods continued largely unabated, making discussions about the trade deficit into a national pastime. The dollar continued to sink, reaching new lows against the yen and the mark. And then in October, Wall Street sent shivers through the economy when in one day, nearly one trillion dollars of wealth vanished.

As 1987 ended and 1988 began, observing the economy was alot like watching a high wire act at the circus: as the acrobats scaled new heights, the crowd became pensive and squeamish, wondering if disaster was about to strike. There was a widespread fear that the expansion was in jeopardy, that our economic safety net would be tested in the coming months. The week following the historic stock market adjustment, *Business Week* wrote, "Confidence has been so damaged that a slump will be hard to avoid."

In truth, there are numerous reasons to discount this public penchant for pessimism. This report will put these economic phenomena in perspective, identify the most important trends, and analyze how they will affect industrial and office real estate markets.

Figure 1: REAL GNP GROWTH



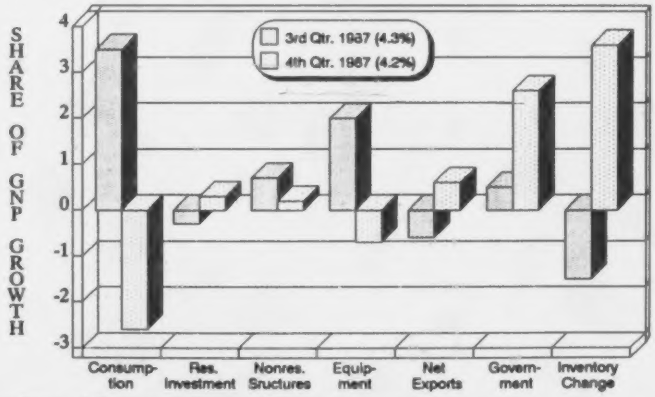
Source: Dept. of Commerce, National Association of REALTORS®

THE ECONOMY

Economic growth was lackluster in 1987, with real (inflation adjusted) GNP growth of 2.9 percent. Third and fourth quarter results were surprisingly strong but the stimulus of consumer spending may be losing steam as 1988 begins.

The economy was propelled through the third quarter by strong final demand for consumer goods. Consumption depended on increasing levels of debt, a condition that economists have warned cannot continue indefinitely. In fact during the fourth quarter, inventory investment and government spending were the primary catalysts of growth. Declining consumption expenditures actually constrained GNP growth.

Figure 2: THE COMPOSITION OF GNP GROWTH



Source: Dept. of Commerce, Bureau of Economic Analysis

The willingness of consumers to take on more debt is related to changes in personal income, wealth accumulation, and expectations about the economy. Gains in personal income have been modest, the stock market crash put the brakes on wealth creation, and there is a great deal of pessimism about the economy. As 1988 began, consumption seemed due for a retrenchment. Retail sales (excluding automobiles) fell 1.9 percent on a seasonally adjusted annual basis during the fourth quarter of 1987, continuing a downward trend for the entire year.

The question being asked by many observers is whether a stronger export sector can carry the expansion as consumption expenditures flatten out. Due to the public's keen interest in the trade issue, government trade statistics are monitored with great anticipation each month even though there are serious questions about their usefulness (they are not, for example, seasonally adjusted).

The 1988 forecast for real GNP growth is 2.3 percent. (A summary of the forecast can be found at the end of the Review and Forecast section of this report.) Growth will be particularly sluggish in the first and second quarters due to falling consumer expenditures and accumulating inventories. But by mid-year, interest rates should decline moderately, spurring real GNP growth of 2.6 to 2.7 percent during the third and fourth quarters.

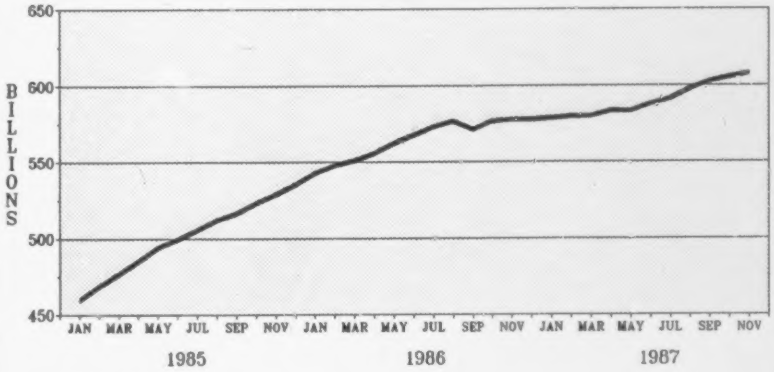


Figure 3: CONSUMER INSTALLMENT

(Total Outstanding, Seasonally Adjusted, Annual Rates)
(In Billions of Dollars)

Source: Dept. of Commerce

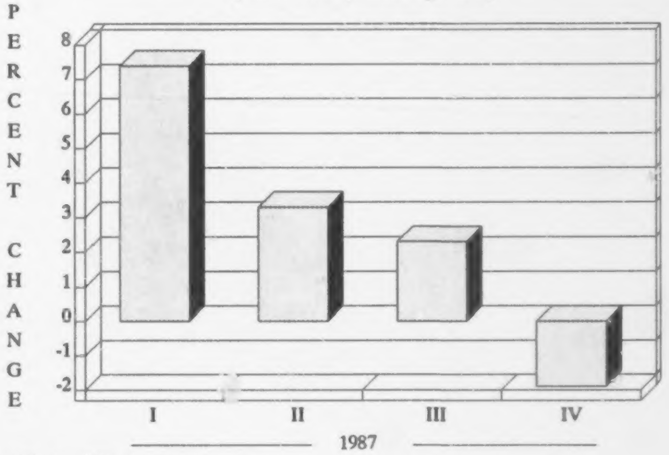


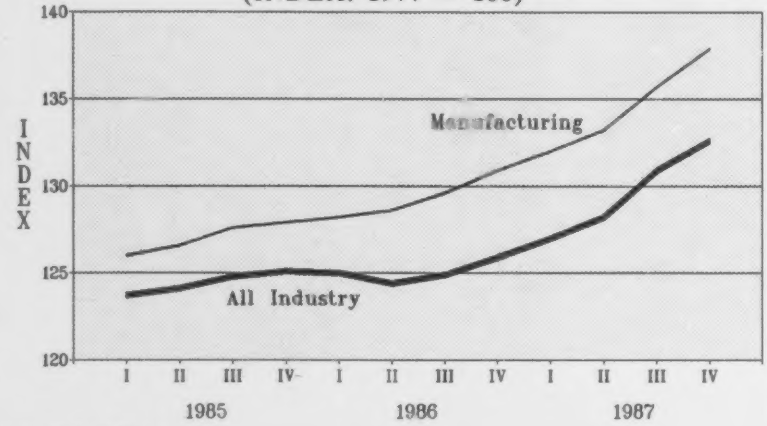
Figure 4: RETAIL SALES GROWTH

(Annual Rate, Excluding Autos)

Source: Dept. of Commerce

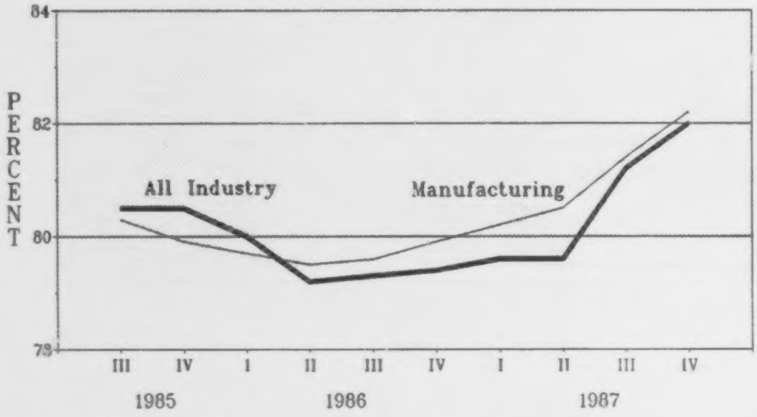
Figure 5: INDUSTRIAL PRODUCTION

(INDEX: 1977 = 100)



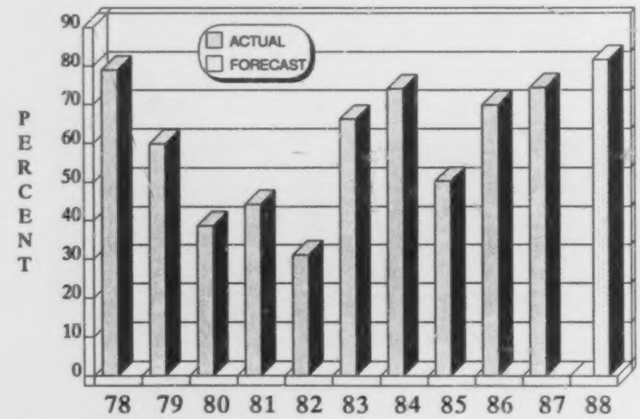
Source: Federal Reserve Bank

Figure 6: MANUFACTURING CAPACITY UTILIZATION



Source: Federal Reserve Bank

Figure 7: SHARE OF INDUSTRIES WITH INCREASING SHIPMENTS



Source: International Trade Administration

Industrial production gained momentum throughout 1987. Strong business fixed investment (primarily in equipment) during the third quarter, and inventory investment and a surge in exports during the fourth quarter all combined to fuel increased industrial production. The industrial production index increased by 5.2 percent in 1987. As the year ended, the index was up a modest 0.2 percent in December, constrained by declining automobile production. It is particularly noteworthy that industrial production has been largely unaffected by October's Wall Street problems.

In 1988 industrial production will increase by 2.1 to 2.3 percent with output picking up momentum toward the end of the year. Much of the improvement will be the result of business investment and increases in net exports.

Strong industrial production pushed the capacity utilization rate of America's factories to 82 percent in December, the highest level of utilization since 1980. There will be renewed pressure on firms to expand production capacity. Recent increases in business investment in plant and equipment confirm this need for additonal output capacity.

The share of industries experiencing increases in shipments is a good indicator of the breadth of industrial activity. Approximately 75 percent of the 219 industries surveyed by the International Trade Administration (ITA) experienced real increases in the value of shipments in 1987. ITA studies indicate that the share of industries with increasing shipments will reach 82 percent in 1988, the highest it has been in 10 years.

INFLATION

Consumer prices increased 3.7 percent in 1987, an increase of nearly twice the 1986 rate but still less than many analysts had expected. Producer price increases were constrained by very stable prices for consumer durable goods and capital equipment.

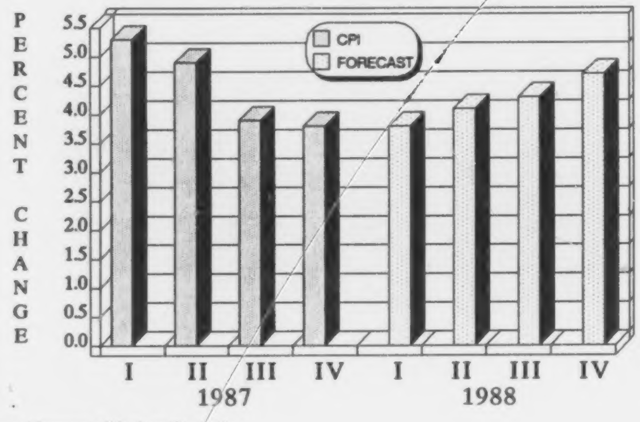
A revealing way to look at inflation is to isolate among the various stages of processing where price increases are occurring. During 1987, price increases of finshed goods hovered around two percent. In contrast, intermediate materials prices increased throughout the year, jumping over seven percent during the fourth quarter.

In 1988, most forecasters expect pressure on the overall price level to come from imports. As the dollar has weakened relative to most of the world's major currencies, foreign manufacturers have come under tremendous pressure to raise prices. Import prices, not including crude oil, increased eight percent in 1986 and 9.6 percent in 1987. Higher import prices have put U.S. manufacturers -- streamlined and more productive -- in a much improved, competitive position. U.S. export prices increased 6.9 percent in 1987 led by very large price increases in crude materials and chemicals.

In summary, consumer prices will increase 4.1 percent in 1988. Consequently, inflationary expectations should not put pressure on interest rates, allowing the Federal Reserve Bank to maintain an accommodating, pro-growth monetary policy.

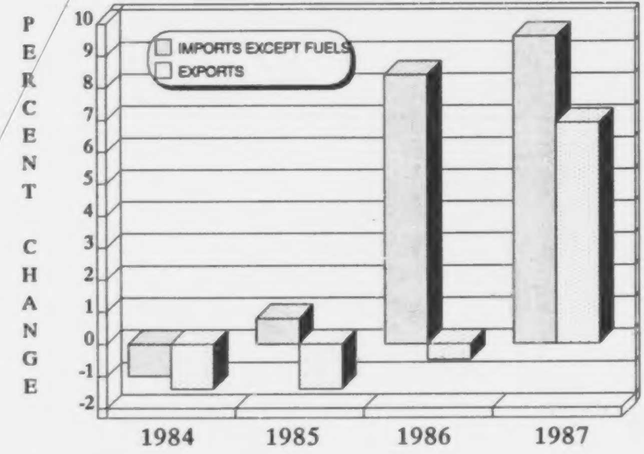
Figure 8: CONSUMER PRICE INFLATION

(Percent Change, Annual Rate)



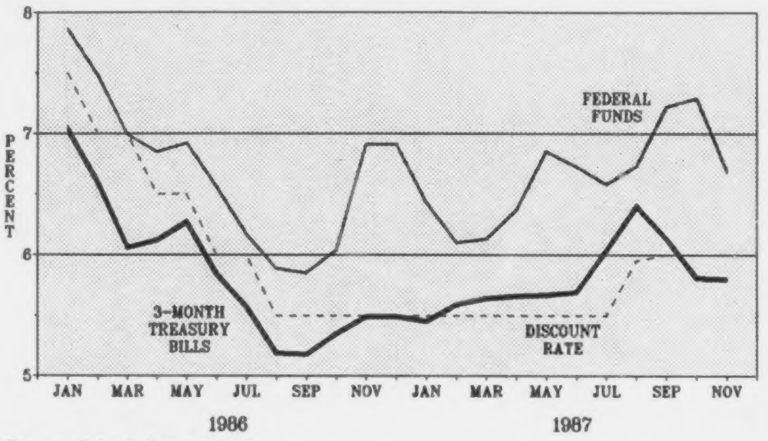
Source: Bureau of Labor Statistics

Figure 9: IMPORT/EXPORT PRICES



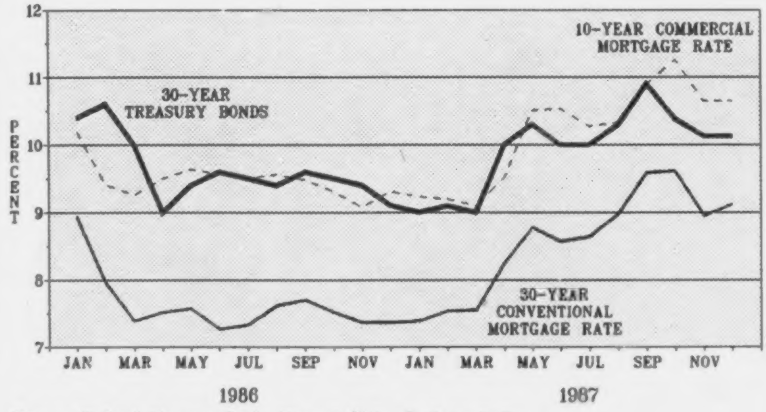
Source: Bureau of Labor Statistics

Figure 10: SHORT-TERM INTEREST RATES



Source: Federal Reserve Bank

Figure 11: LONG-TERM INTEREST RATES



Source: Federal Reserve Bank, Barron's/John B. Levy & Co.

INTEREST RATES

Both short- and long-term interest rates turned upward early in 1987, ending the decline in rates that gave the economy a lift in 1986. Ten-year commercial mortgage rates started the year at nine percent and had risen to 11.26 percent by the start of the fourth quarter. But rates were falling as 1988 began, led by declines in short-term rates. Long-term rates are expected to decline slightly during the first and second quarter of 1988 before edging back up to around 10.5 percent towards the end of the year.

The election year will be a powerful incentive to keep the economy well-oiled with liquidity. However, the need to force feed federal budget deficits to foreign investors will keep rates from falling very much. Therefore, a three to four point spread between the rate for U.S. Treasuries and comparable foreign debt instruments will be maintained.

Despite falling interest rates in early 1988, it is difficult to expect consumer spending to foster GNP growth. There are signs of austerity on several fronts. Even on the campaign trail, candidate pledges of new programs and vows of no new taxes are being met with widespread skepticism. American public opinion has come to the realization that our consumption-fest cannot continue indefinitely. Debt will have to be worked off by producing more and consuming less. The imbalance in the trade sector can only be reconciled by dramatically increasing exports, reducing imports, or both.

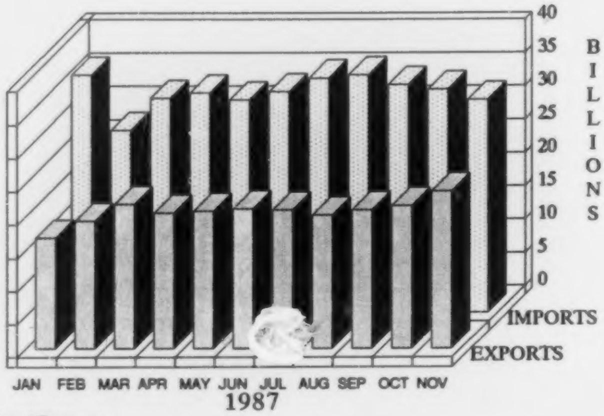
INTERNATIONAL TRADE

As mentioned above, GNP growth during the fourth quarter of 1987, the strength of industrial production, and the upward pressure on import prices are all related to international trade. The interaction of changes in international finance, government policies, and the consumption and savings behavior of individuals has created a complex labyrinth of forces and counterforces.

Two of the most troublesome developments are the twin deficits created by the willingness of the federal government to borrow funds to cover expenditures, and America's tremendous appetite for imported goods. As Figure 16 on the next page demonstrates, these deficits can interact in conflicting ways.

Figure 12: U.S. EXPORTS AND IMPORTS

(BILLIONS OF DOLLARS)

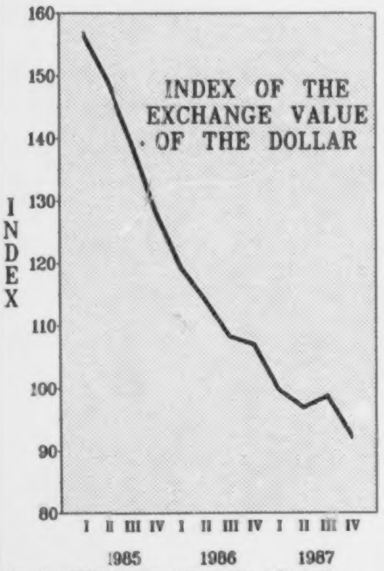


Source: Federal Reserve

The chain of events depicted in the accompanying graphic is not, of course, the whole story. But it does show how economic and political forces can interact to exacerbate imbalances in the international economy.

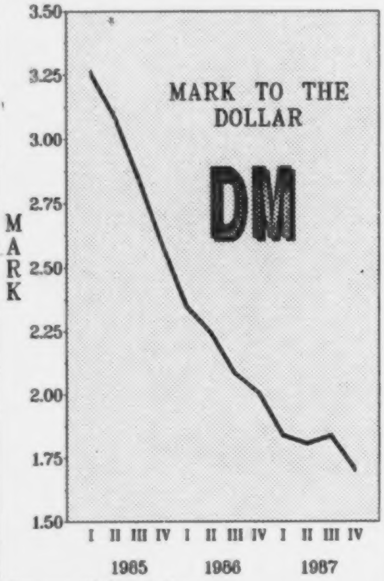
In February of 1985, the value of the dollar peaked against the yen and the mark. Imports were surging and American export-oriented and import-competing industries were struggling against foreign competition. Since then, the dollar has trended downward, largely unaffected by recurrent central bank intervention to stabilize it.

Figure 13



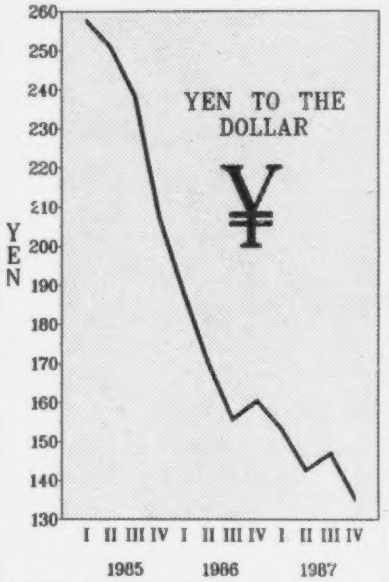
March 1973=100, Not Seasonally Adjusted
Source: Federal Reserve

Figure 14



Source: Federal Reserve

Figure 15



Source: Federal Reserve

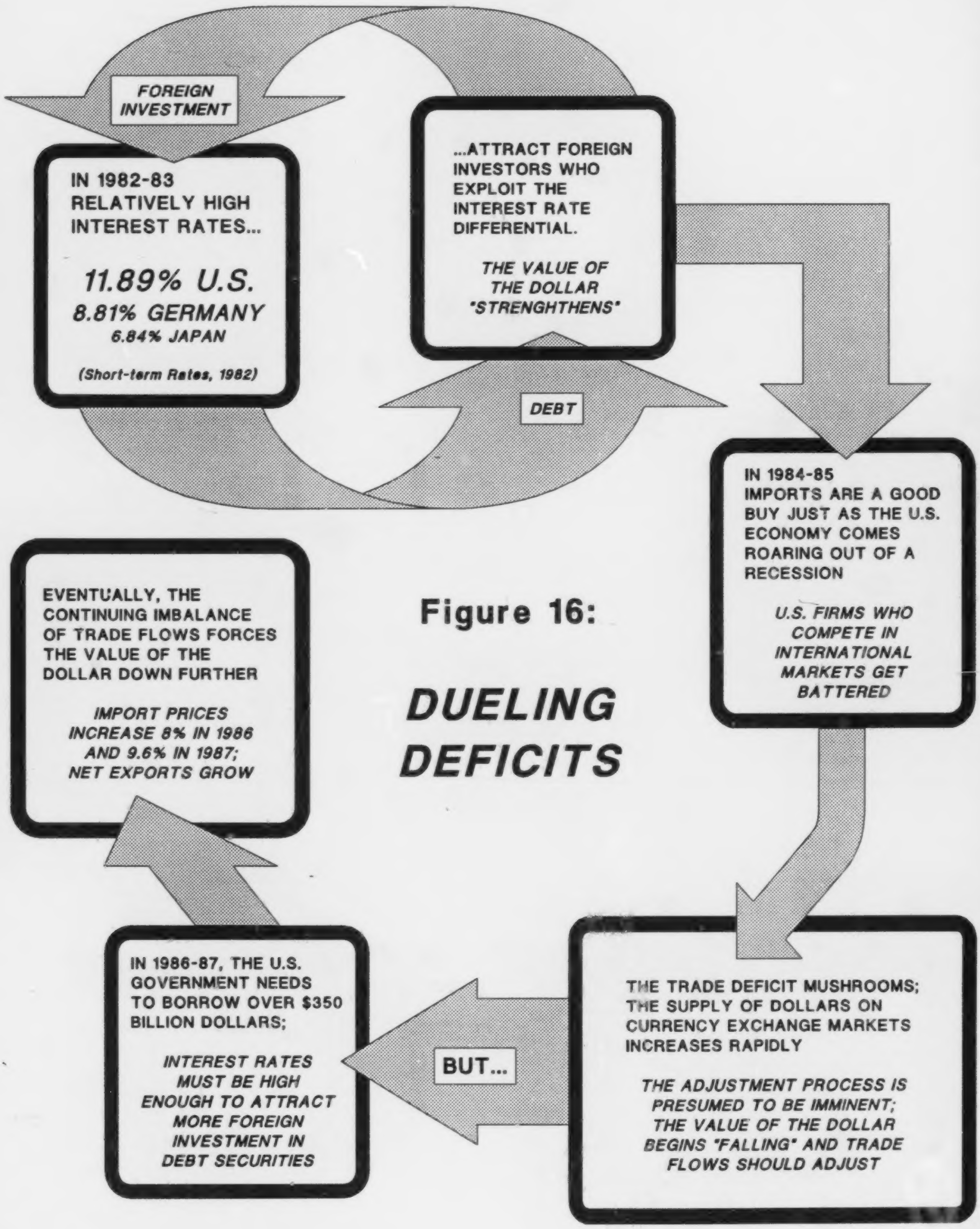


Figure 16:

DUELING DEFICITS

IN 1982-83 RELATIVELY HIGH INTEREST RATES...

11.89% U.S.
8.81% GERMANY
6.84% JAPAN

(Short-term Rates, 1982)

...ATTRACT FOREIGN INVESTORS WHO EXPLOIT THE INTEREST RATE DIFFERENTIAL.

THE VALUE OF THE DOLLAR "STRENGHTHENS"

IN 1984-85 IMPORTS ARE A GOOD BUY JUST AS THE U.S. ECONOMY COMES ROARING OUT OF A RECESSION

U.S. FIRMS WHO COMPETE IN INTERNATIONAL MARKETS GET BATTERED

THE TRADE DEFICIT MUSHROOMS; THE SUPPLY OF DOLLARS ON CURRENCY EXCHANGE MARKETS INCREASES RAPIDLY

THE ADJUSTMENT PROCESS IS PRESUMED TO BE IMMINENT; THE VALUE OF THE DOLLAR BEGINS "FALLING" AND TRADE FLOWS SHOULD ADJUST

IN 1986-87, THE U.S. GOVERNMENT NEEDS TO BORROW OVER $350 BILLION DOLLARS;

INTEREST RATES MUST BE HIGH ENOUGH TO ATTRACT MORE FOREIGN INVESTMENT IN DEBT SECURITIES

EVENTUALLY, THE CONTINUING IMBALANCE OF TRADE FLOWS FORCES THE VALUE OF THE DOLLAR DOWN FURTHER

IMPORT PRICES INCREASE 8% IN 1986 AND 9.6% IN 1987; NET EXPORTS GROW

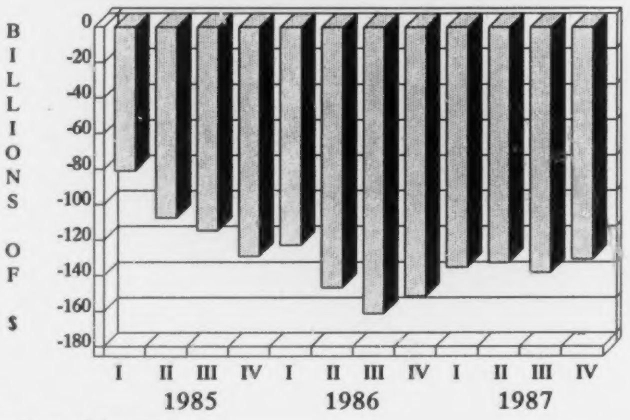
Until December, 1987, the nominal trade deficit had not responded to the falling dollar, actually deteriorating somewhat during mid-year. However, real net exports -- which is a more accurate indicator of the real flow of goods -- has been improving since the third quarter of 1986.

In 1988, Japan and Germany will be pressured to stimulate their economies and promote economic growth. There are signs that the Japanese consumer is responding to this pressure but it is too early to tell if significantly more U.S. goods and services will be on their shopping lists. The news media is full of stories about how Japan protects its domestic markets. Germany is very reluctant to stimulate its economy. The Germans are said to have a slow-growth, anti-inflation mentality and that will not likely change in 1988.

America's rapidly growing trade deficit with the newly industrialized countries (NIC's) of the Pacific Rim is being carefully reconsidered. Prior to 1988, these countries had free, unrestricted access to U.S. markets but the Administration announced in January, 1988, that their favored trading status will be revoked in response to the rapidly growing trade imbalance with these countries.

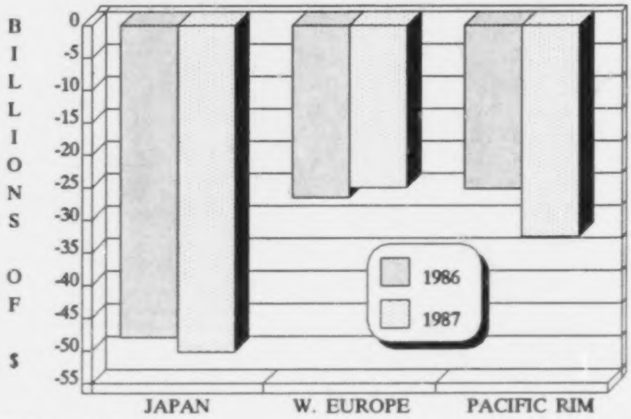
Figure 17: REAL NET EXPORTS

(BILLIONS OF 1982 DOLLARS)



Source: Dept. of Commerce

Figure 18: U.S. TRADE DEFICIT WITH VARIOUS AREAS OF THE WORLD



Source: Dept. of Commerce

ECONOMIC SUMMARY

It is highly probable that 1988 will be a year of slow growth, moderate inflation, stable interest rates, improving trade balances, and an opportunity to make some headway on the twin deficits. Much of the uneasiness that so many investors have about the economy stems from our gross overleveraging. Federal budget deficit reduction will be tough and will likely come from a combination of higher taxes and spending cuts. Initially, reduced spending and higher taxes will both retard growth.

The risk to any forecast of 1988 is, therefore, how consumers, businesses, and foreign investors react to any shocks that affect the international economy. If reaction to the events of October 19th are any indication, the economy should stay on track in 1988.

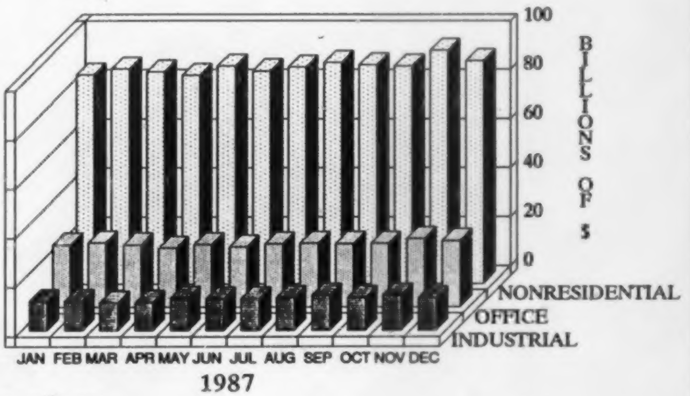
REAL ESTATE MARKETS

"Focus on the fundamentals." Seasoned real estate professionals might shake their heads and wonder how others in the industry could come to discover this year's catch phrase. The so-called "return to basics" does not, however, mean an end to innovation and change within the real estate industry, but transactions will be more carefully scrutinized and many of the relative newcomers to the commercial real estate industry will be doing something else in 1988 and beyond.

Based on the conclusions in the opening section of this report, 1988 should allow for some progress in many metropolitan areas that are saddled with excess office and industrial space. It would be disingenuous to forecast progress for all areas, but: 1) the industrial sector of the economy is remarkably strong as the new year begins; 2) interest rates will ease off a little early in the year; and 3) if good product is available, there are a lot of investors looking to buy.

Figure 19: CONSTRUCTION SPENDING

(ANNUAL RATE, SEASONALLY ADJUSTED)



Source: Census Bureau

MARKET ACTIVITY

Real estate market analysts have been closely monitoring the real estate activities of pension funds in recent years. While pension funds have over one trillion dollars worth of assets, only approximately 3.5 percent of their asset mix consists of real estate equity. Even a small redeployment of such an enormous pool of assets could greatly affect industrial and office markets. But so far, fund managers have chosen not to increase the share of total assets allocated to real estate equity.

In 1987 the share of pension fund assets allocated to real estate equity actually declined slightly due to the strength of the stock and bond market throughout most of the year. The Real Estate Research Corporation forecasts no change in pension fund real estate equity allocations in 1988. But even if the share of pension fund assets allocated to real estate hasn't changed much, real commitments have increased because of a growing pool of total assets. According to a *Pensions & Investment Age* survey, 1987 commitments to equity real estate by tax-exempt institutional investors increased 52.6 percent. Institutions are in the market for quality properties but real increases in allocation targets are not expected because the funds cannot find an adequate supply of satisfactory properties.

Large institutional investors and foreign investors place a large premium on top quality real estate. There is very little evidence thus far that the funds are interested in anything but Class A properties in the top tier markets. The movement into more types of properties and second tier cities has been slow to materialize. Perhaps competition from foreign investors will move the diversification process along.

One development that may be a precursor of things to come is a recently announced decision by the Prudential Realty Group to implement a new investment strategy for its nearly $4 billion Prudential Property Investment Separate Account (PRISA). Under this new strategy, diversification decisions will be made on the basis of economic criteria instead of geographic criteria. Clearly, smaller markets and quality industrial properties stand to benefit if institutional investors are more willing to look beyond the office markets in a few coastal cities.

FOREIGN INVESTMENT

The rapid increase of foreign investment in the United States has given cause for many Americans to dust off their old college economics textbooks and rethink the principles of international finance. The previous discussion of the trade issue relates how trade flows, exchange rates, and fiscal policy interact. Part of this interaction is the acquisition of a sizable dollar volume of real estate equity by foreign investors.

Reliable statistical information about foreign investment in the United States is very scarce. Most real estate reviews of the issue talk about ballpark estimates and informed sources. The truth is, reliable data on foreign investment is difficult to collect. The International Trade Administration (ITA) and the Bureau of Economic Analysis (BEA) publish some data but their methodologies are such that most analysts believe these agencies are greatly underestimating the extent of foreign investment. The government information does, however, give the reader a sense of who is investing in the U.S.

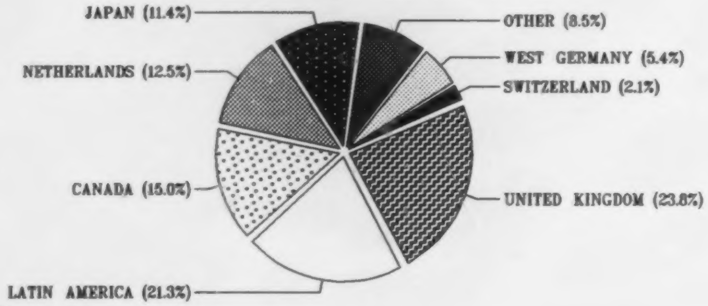
The BEA estimates that as of 1986, total direct investment by foreign investors equalled $209.3 billion. Direct investment in U.S. real estate is estimated at $21.2 billion which most analysts believe grossly understates the true level of foreign investment. The distribution of ownership estimates are more credible. The United Kingdom is reported to hold 23.8 percent of the total direct foreign investment in real estate and investors from Latin American countries account for 21.3 percent, although their share is dropping.

Western European investors own the largest share of total real estate assets but the Japanese are increasing their holdings at a very rapid pace. Japanese investment has grown 233 percent during the three year period between 1984 and 1986. Private estimates of Japanese purchases in 1987 alone range from $6 to $10 billion.

Most analysts believe this process of transferring ownership of real property from domestic to foreign owners is just beginning. Progress on the budget and trade deficits is real but serious imbalances remain. There will continue to be a large pool of offshore money searching for a good return on investment. Already, an estimated 51.4 percent of the total inventory of office space in the Los Angeles CBD is foreign-owned.

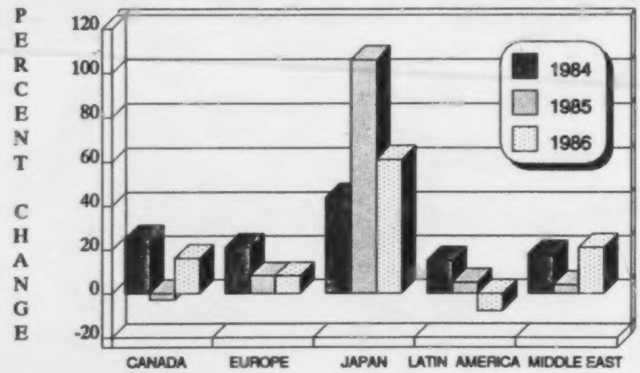
Figure 20: SHARE OF FOREIGN INVESTMENT IN U.S. REAL ESTATE BY COUNTRY OF FOREIGN INVESTOR

IN 1986 FOREIGN DIRECT INVESTMENT IN U.S. REAL ESTATE TOTALLED $21.2 BILLION



Source: Dept. of Commerce, Bureau of Economic Analysis

Figure 21: CHANGE IN FOREIGN DIRECT INVESTMENT POSITION IN REAL ESTATE



Source: Dept. of Commerce, Bureau of Economic Analysis

Like institutional investors, foreign investors prefer centrally located, top quality buildings. During the past two years, the Japanese have made several purchases of trophy properties, paying record prices and provoking the American public's curiosity about their intentions. They prefer office buildings and resort hotels located primarily in a few coastal cities. There are indications that the Japanese will continue to aggressively acquire real property. Large Japanese insurance and financial corporations have developed business relationships with American companies with expertise in real estate development, finance, acquisition, and management.

Japanese investors are active in these areas for several reasons. First, real property in Japan is relatively expensive compared to prices here so they are accustomed to higher prices and lower yields. High prices are the obvious result of an extreme scarcity of usable land in Japan.

Second, the decline in the value of the dollar has made dollar-denominated assets less expensive to foreign investors. Of course, there is the risk associated with a further decline in the dollar which would diminish the value of a foreign investor's existing portfolio. It is in this sense that a stable dollar could entice foreign buyers to acquire properties.

Third, the cost of capital is lower in Japan. The interest rate differential is typically three to four percent.

Finally, the real estate market in the United States offers foreign investors from all over the world a tremendous variety of product. The sheer size of the U.S. economy is a simple yet meaningful explanation for why it has become a magnet for offshore investors.

OTHER TOPICS

The effects of tax reform will be with the real estate industry as long as distressed, tax-based developments remain a problem for banks and investors who are left holding the non-performing properties. Some observers point out that several distressed properties looked good when they were built -- even by today's more cautious decision criteria -- but that area and/or regional economies went into recession. Tax reform became a convenient whipping post.

For the past three years the great potential of commercial mortgage-backed securities has been discussed in numerous real estate publications. Still, only about three percent of outstanding commercial mortgages have been securitized. Growth has been very slow and there are prominent individuals and organizations that are skeptical. Landauer Associates suggest that "the concept has been oversold." Proponents claim that securitization will provide the industry with enhanced liquidity. Marvin B. Starr, well-known author of *The Real Estate Tax Digest* rejoins that "liquidity is the state of matter as it goes down the drain."

OFFICE MARKETS

The office market in 1987 was characterized by stabilizing conditions in several weak markets in the Southwest and a strong performance by several vital markets on the coasts and in the Midwest. SIOR panelists in 98 markets provided information on over 2.5 billion square feet of office space. This information provides an indepth look at the status of this segment of the industry.

The overall vacancy rate for the complete inventory of rentable office space nationwide is 21.7 percent. Class A/CBD space has a vacancy rate of 15.9 percent. Class A space outside the CBD is 26.7 percent vacant. Class B vacancy rates are 14.6 percent for CBD space and 28.2 percent for space outside the CBD.

The composition of the total inventory of vacant office space in all of the 98 reporting markets provides a different view of the vacancy situation. Forty percent of the vacant inventory is Class A space located in areas outside the CBD. Just over one-fourth of the vacant inventory is Class B space in areas outside the CBD.

Figure 22: SIOR OFFICE VACANCY RATES

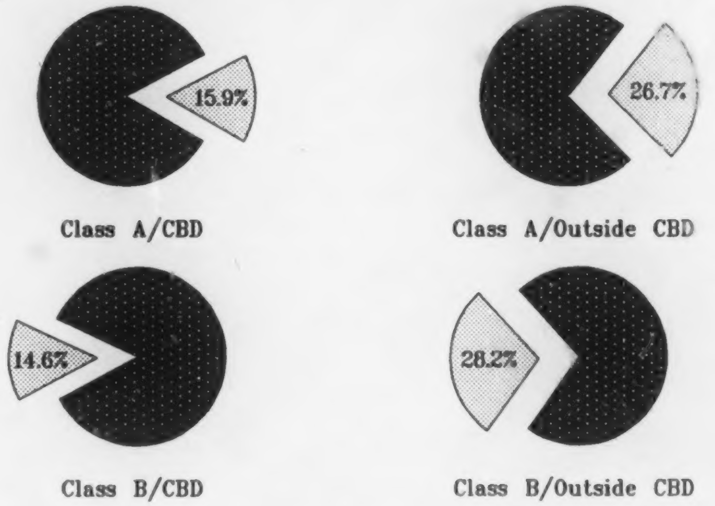
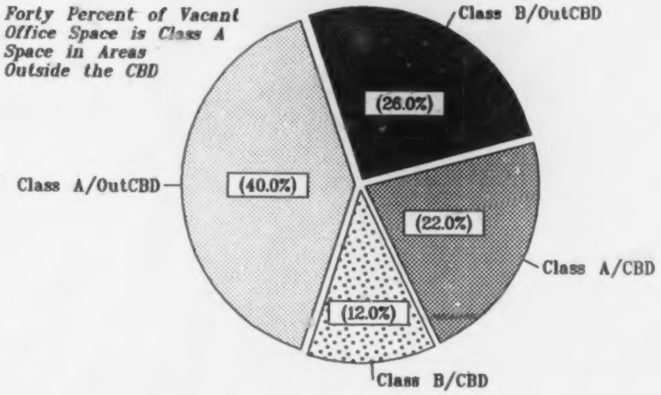
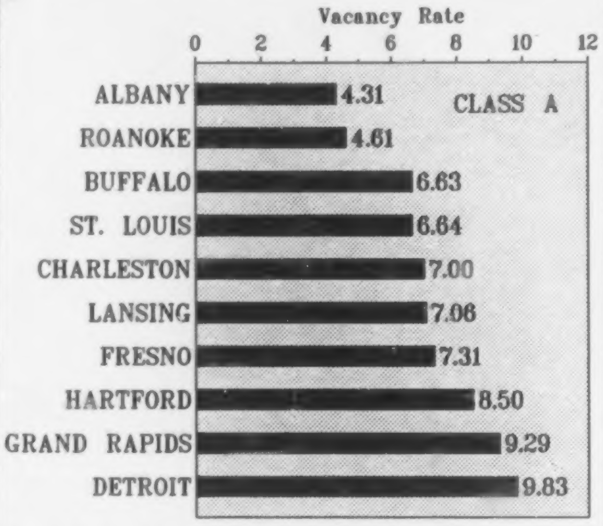


Figure 23: COMPOSITION OF VACANT OFFICE SPACE



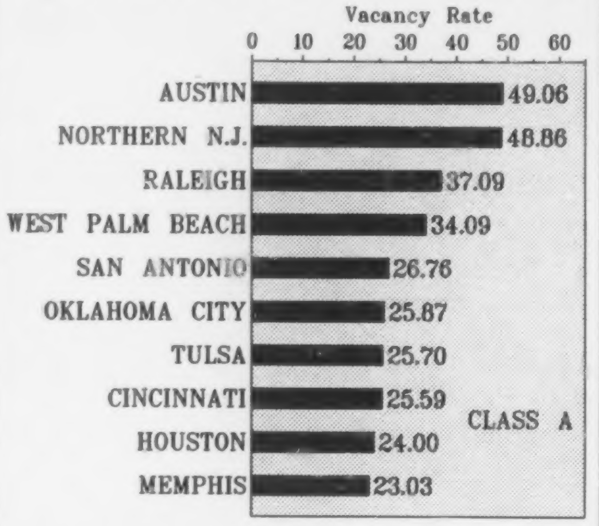
Source: Society of Industrial and Office REALTORS®

Figure 24: SELECTED MARKET AREAS WITH LOW OFFICE VACANCY RATES



Source: Society of Industrial and Office REALTORS®

Figure 25: SELECTED MARKET AREAS WITH HIGH OFFICE VACANCY RATES

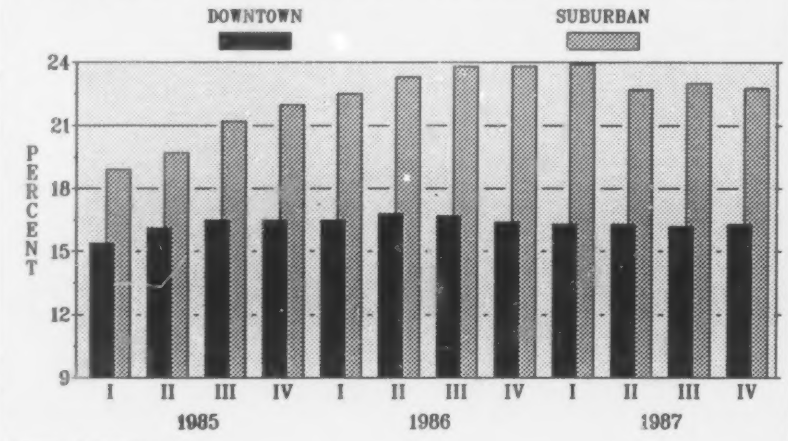


Source: Society of Industrial and Office REALTORS®

Vacancy rates were particularly high in cities that are having to weather local or regional economic distress or, in market areas that have recently experienced a surge in construction activity. Several market areas reported relatively low vacancy rates, led by Albany where only 4.32 percent of Class A space was vacant.

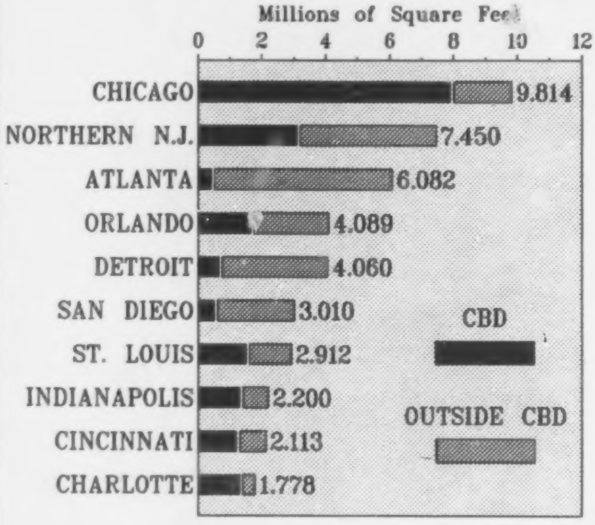
Vacancies have stabilized according to the Coldwell Banker quarterly vacancy index which showed actual declines in vacancies for the first time since the beginning of the series in 1983.

Figure 26: OFFICE VACANCY INDEX



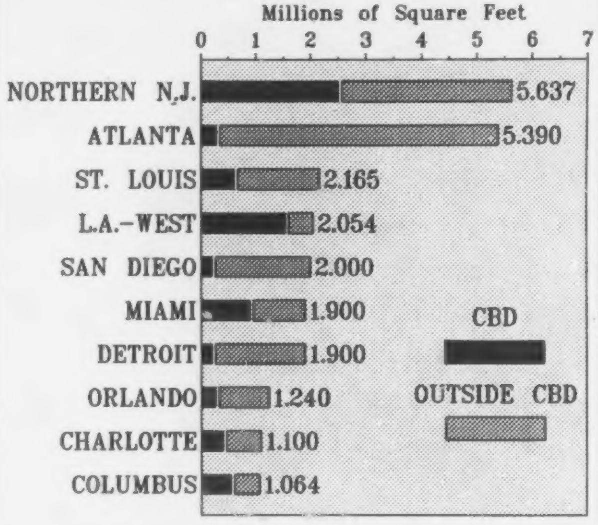
Source: Coldwell Banker

Figure 27: OFFICE CONSTRUCTION IN SELECTED MARKET AREAS



Source: Society of Industrial and Office REALTORS®

Figure 28: OFFICE ABSORPTION IN SELECTED MARKET AREAS



Source: Society of Industrial and Office REALTORS®

Office construction declined 12.6 percent in 1987 which is a much milder decline than many analysts had predicted. Approximately 175 million square feet of new space was completed in 1987. Most forecasters are still pessimistic about prospects for 1988 and expect construction to be off anywhere from 15 to 25 percent.

SIOR panelists in markets such as Chicago, Northern New Jersey, and Atlanta report substantial construction activity led by Chicago's nearly 10 million square feet of new space.

In several glutted markets, there has been little or no new construction activity. Slow, steady absorption has stabilized conditions in cities such as Dallas, Denver, and New Orleans. However, there are several reports of move-up tenants abandoning Class B and C space for heavily discounted Class A space.

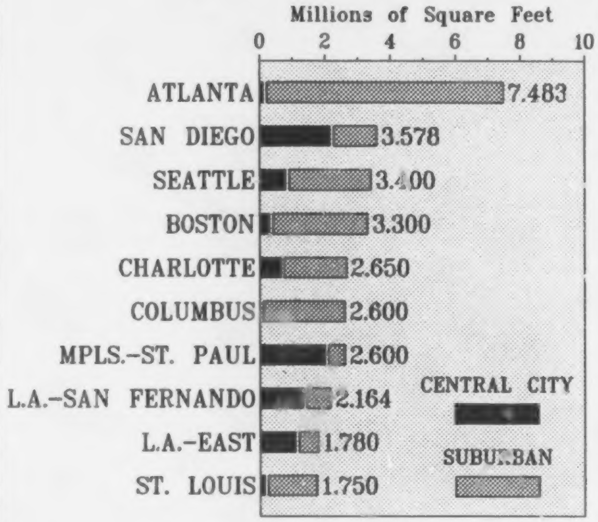
Absorption was especially strong in the Northern New Jersey and Atlanta markets. The consolidated metropolitan areas of New York City, Los Angeles, and Washington, D.C. have been perennial absorption leaders the past few years and that held true for 1987.

Demand for office space will depend on the growth of office-intensive industries. Most studies of office employment suggest that growth will continue in 1988 but at a slower pace. One of the often overshadowed impacts of the stock market adjustment was the effect it will have on employment in financial services. Employment growth generated by the success of Wall Street firms during the current expansion has most likely ended.

Average gross rental rates for Class A/CBD space range from $17.52 to $21.67 per square foot. Class A space in areas outside the CBD typically leases for between $14.89 to $18.87. Approximately nine out of 10 panelists report that additional interior improvements and rental abatement are typical landlord concessions in their market areas. The cumulative effect of landlord concessions on average gross rental rates results in a discount factor of between 9.3 and 13.4 percent.

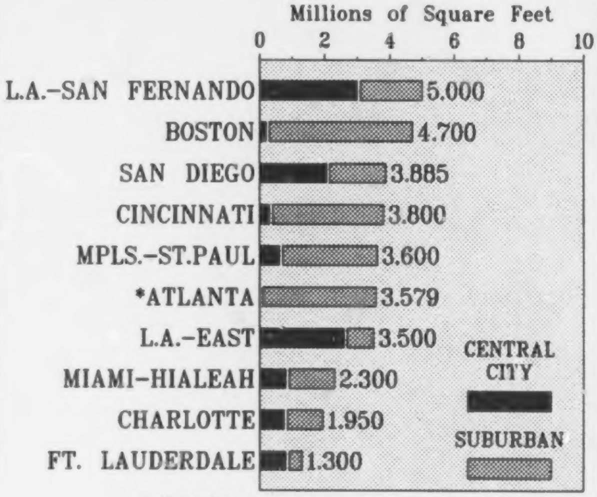
A large majority of SIOR panelists expect 1988 to be a year of stability and slow recovery in their office markets. Nationwide, absorption will increase by less than five percent and rental rates will be flat. Over 40 percent of the panelists expect vacancy rates to fall, due in part to declining construction activity. But areas with large concentrations of financial services employment could be adversely affected by a significant contraction in that office-intensive industry.

Figure 29: INDUSTRIAL CONSTRUCTION IN SELECTED MARKET AREAS



Source: Society of Industrial and Office REALTORS®

Figure 30: INDUSTRIAL ABSORPTION IN SELECTED MARKET AREAS



* Includes negative central city absorption.

Source: Society of Industrial and Office REALTORS®

INDUSTRIAL REAL ESTATE

The technical signals on the industrial market are very positive and 1988 should be a strong year. Approximately 30 to 40 percent of the panelists in 105 markets surveyed by SIOR report moderate or substantial shortages of space in all building-size categories (seven categories encompassing less than 5,000 sq. ft. to more than 100,000 sq. ft.).

The heightened prospects for increases in net exports coupled with increasing business investment in equipment bodes well for industrial property demand. As was reported in last year's review and forecast, markets on the coasts where international trade flows are a significant factor will continue to experience escalating property values and strong demand. This year, however, with the renewal of America's basic industries and renewed strength in the computer and electronics industries, the prospects for vital market conditions are more broad-based.

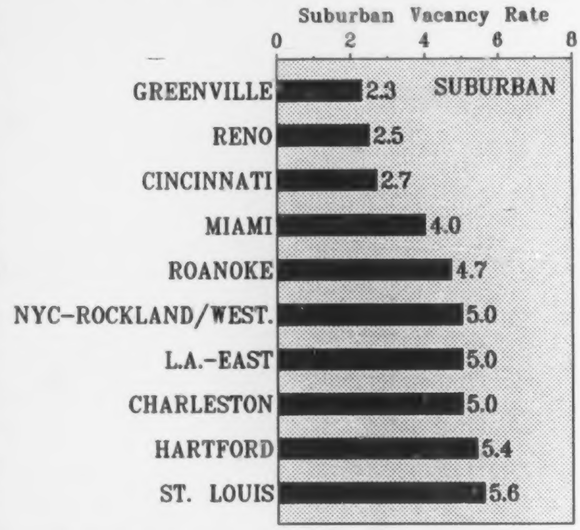
SIOR panelists in cities such as Minneapolis, Cincinnati, and St. Louis report a significant increase in activity. The beleaguered high-technology component of the industrial market will remain immensely oversupplied, but 1988 will see positive absorption in that sector, allowing vacancies to decline.

A Grubb & Ellis report published in August documented employment trends in several high-technology industries. The report listed San Jose, Boston, Los Angeles, Dallas, and Phoenix as the top five high-tech employment growth centers and suggested that more favorable market conditions for this type of property are not far off.

Despite an overall decline of 7.9 percent in the real value of industrial construction in 1987, there were significant increases of new space in several markets. Atlanta added a remarkable 7,483,000 square feet to its inventory in 1987. Construction was also very strong in San Diego, Seattle, and Boston. As has been the case for several years, construction is heavily concentrated in suburban areas.

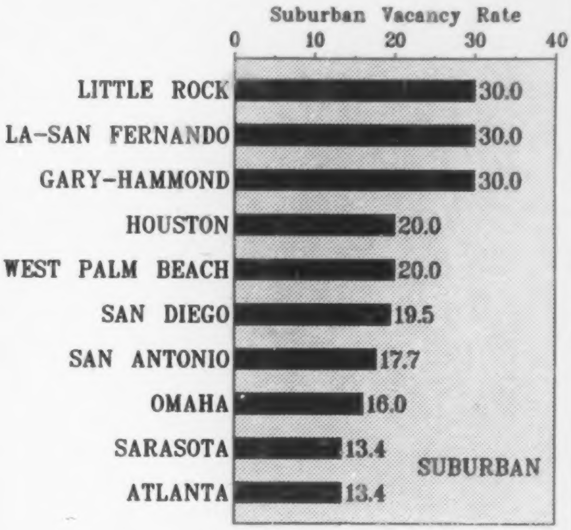
Strong absorption, especially of warehouse and distribution space, was widespread in 1987. The rapidly growing market area of Los Angeles--San Fernando recorded approximately five million square feet of absorption. Other markets with strong absorption include Boston, San Diego, Cincinnati, Minneapolis/St. Paul, Atlanta, and Los Angeles--East.

Figure 31: SELECTED MARKETS WITH LOW INDUSTRIAL VACANCY RATES



Source: Society of Industrial and Office REALTORS®

Figure 32: SELECTED MARKETS WITH HIGH INDUSTRIAL VACANCY RATES



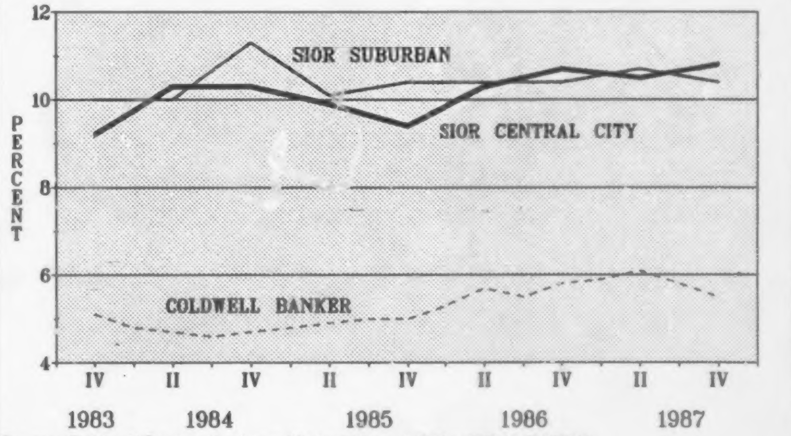
Source: Society of Industrial and Office REALTORS®

The SIOR vacancy rate for centrally located industrial buildings increased 0.3 percent to 10.7 percent during the first half of 1987 before sliding back down to 10.4 percent in the fourth quarter. The suburban vacancy index moved up 0.2 percent early in the year to 10.5 percent and then increased another 0.3 percent to finish the year at 10.8 percent. The Coldwell Banker vacancy index rose to 6.1 percent during the second quarter of 1987 but then dropped during the third and fourth quarters to end the year at 5.5 percent. (The Coldwell Banker Index only samples properties with 100,000 sq. ft. or more.)

Tight industrial markets are not confined to any geographic area. From Greenville in the South, Reno in the West, and Cincinnati in the Midwest, several areas are experiencing shortages of industrial space.

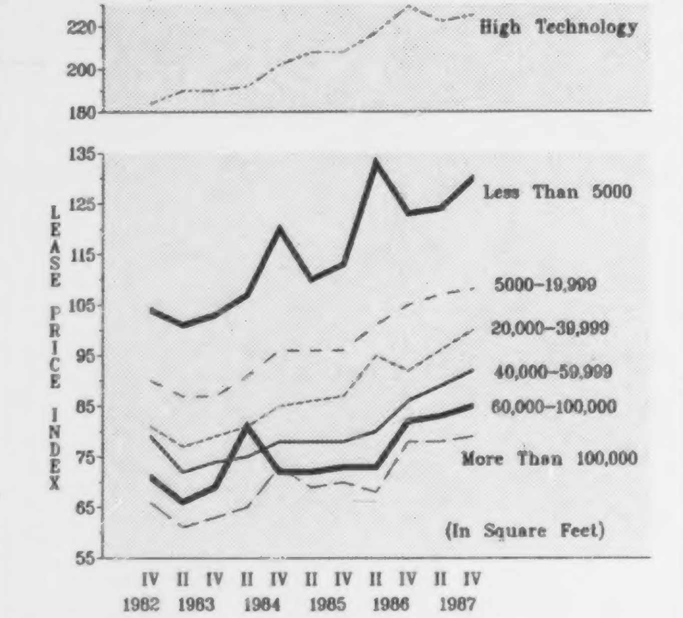
In 1988, vacancy rates are expected to decline moderately because absorption was strong during this period of construction declines in 1987. SIOR panelists expect only slight increases in manufacturing and warehousing/distribution construction in 1988.

Figure 33: INDUSTRIAL VACANCY RATES



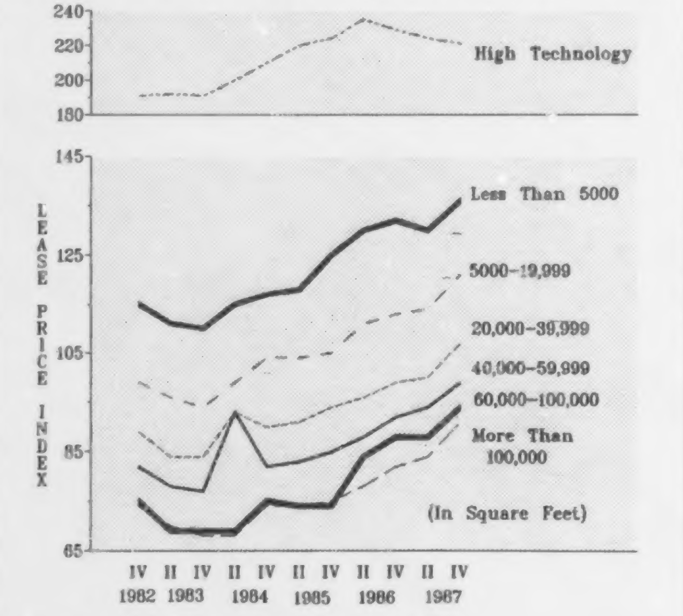
Source: Coldwell Banker, Society of Industrial and Office REALTORS®

Figure 34: SIOR LEASE PRICE INDEX: CENTRAL CITY
(1982 Mean Price For All Lease Categories = 100)



Source: Society of Industrial and Office REALTORS®

Figure 35: SIOR LEASE PRICE INDEX: SUBURBAN
(1982 Mean Price For All Lease Categories = 100)



Source: Society of Industrial and Office REALTORS®

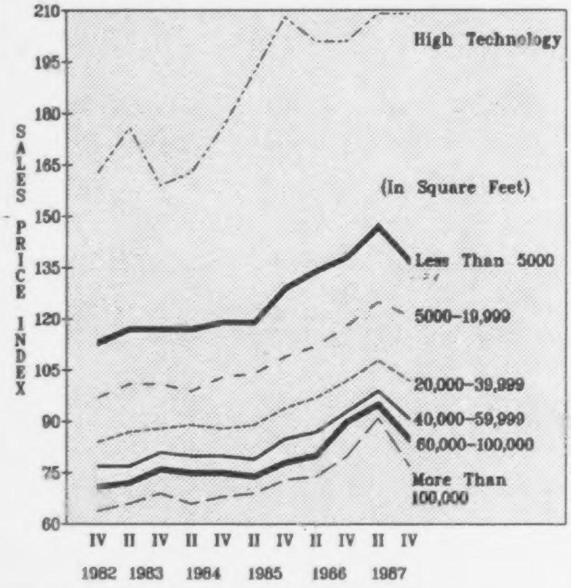
The SIOR lease price indexes for all building categories except high-tech properties showed steady increases during 1987. Price increases were especially strong during the last half of the year. Buildings with less than 60,000 square feet were the strongest performers.

Sales prices generally increased moderately early in the year but declined during the third and fourth quarters. Centrally located properties were more adversely affected than suburban properties.

Site prices are historically quite volatile and 1987 was no exception. Improved and unimproved suburban sites generally increased in price during the first half of 1987. But prices of parcels with less than 10 acres turned around and dropped thereafter.

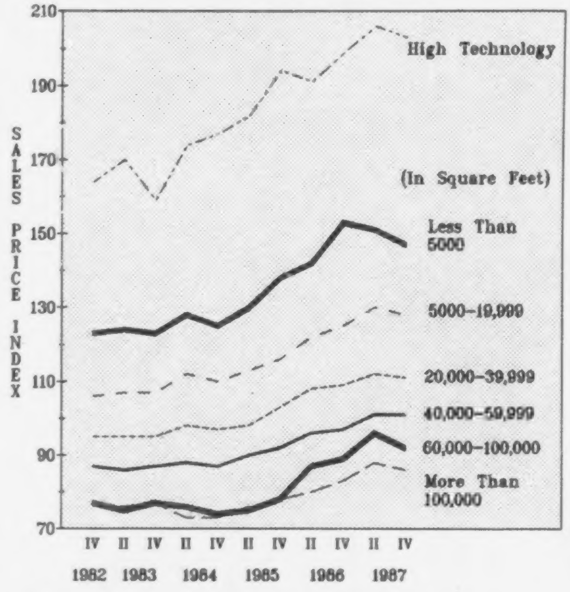
In summary, industrial real estate is poised for another good year in 1988. Manufacturing firms are on the verge of increased space requirements. High tech space is still oversupplied but high technology industries are experiencing growth again. And warehousing and distribution demand is still strong. New industrial space can be delivered quickly and the industrial market is, as always, vulnerable to a recession. But a recession in 1988 is unlikely. Instead, export-led growth will stimulate manufacturing and increase the demand for industrial real estate products and services.

Figure 36: SIOR SALES PRICE INDEX: CENTRAL CITY BUILDINGS
(1982 Mean Price For All Building Categories = 100)



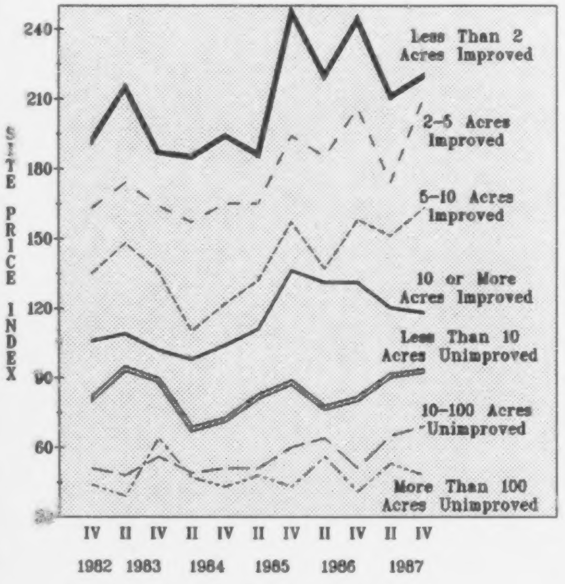
Source: Society of Industrial and Office REALTORS®

Figure 37: SIOR SALES PRICE INDEX: SUBURBAN BUILDINGS
(1982 Mean Price For All Building Categories = 100)



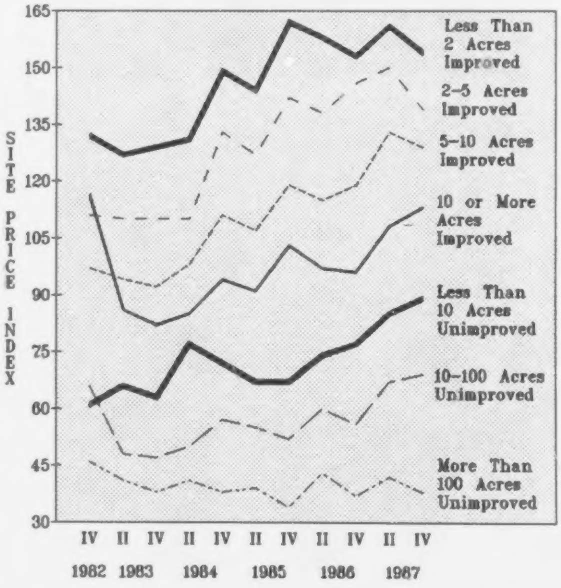
Source: Society of Industrial and Office REALTORS®

Figure 38: SIOR SITE PRICE INDEX: CENTRAL CITY SITES
(1982 Mean Price For All Site Categories = 100)



Source: Society of Industrial and Office REALTORS®

Figure 39: SIOR SITE PRICE INDEX: SUBURBAN SITES
(1982 Mean Price For All Site Categories = 100)



Source: Society of Industrial and Office REALTORS®

U.S. ECONOMIC OUTLOOK

	QUARTERS						YEARS				
	Actual		Forecast				Actual			Forecast	
AGGREGATE ECONOMY	1987.2	1987.3	1988.1	1988.2	1988.3	1988.4	1985	1986	1987	1988	1989
Gross National Product											
(billions of dollars)	4445	4524	4638	4691	4760	4833	4010	4235	4486	4731	5056
% Change	6.3	7.3	3.7	4.6	6.0	6.3	6.3	5.6	5.9	5.5	6.9
% Change (w/out inflation)	2.5	4.3	1.0	1.6	2.7	2.6	3.0	2.9	2.9	2.3	2.8
Consumer Price Inflation (CPI)	4.9	3.9	3.8	4.1	4.3	4.7	3.6	1.9	3.7	4.1	4.6
GNP Inflation (GNP Deflator)	3.5	2.8	2.7	3.0	3.2	3.6	3.2	2.6	3.0	3.1	4.0
Unemployment Rate - Civilian	6.2	6.0	6.0	6.2	6.2	6.2	7.2	7.0	6.2	6.1	6.0
Civilian Employment - Household											
Basis (In millions)	112.2	112.9	113.7	114.0	114.4	114.8	107.2	109.6	112.4	114.2	116.0
Percent Change	3.2	2.5	1.1	1.0	1.3	1.4	2.0	2.3	2.6	1.6	1.5
Index of Industrial Production	128.2	130.8	132.9	133.3	134.6	135.7	123.7	125.1	129.6	134.1	139.0
Manufacturing Capacity Utilization	80.5	81.4	81.8	81.8	81.8	81.7	80.1	79.7	81.0	81.8	81.9
Domestic Auto Sales	7.0	8.0	6.0	6.5	6.8	6.8	8.2	8.2	7.0	6.5	6.9
Federal Tax Receipts (NIPA) as % of GNP	20.8	20.4	20.0	20.1	20.0	20.2	19.7	19.5	20.4	20.1	20.5
Federal Expenditures (NIPA) as % of GNP	23.9	23.4	23.8	23.6	23.5	23.5	24.6	24.4	23.8	23.6	23.2
Deficit (NIPA)	-139.2	-135.8	-172.4	-163.9	-166.9	-162.7	-196.0	-204.7	-153.8	-166.5	-113.0
as % of GNP	3.1	3.0	-3.7	-3.5	-3.5	-3.4	4.9	4.8	-3.4	-3.5	-2.6
FINANCIAL MARKETS											
Long-Term Interest Rates											
30-year Fixed Rate Mortgage	10.3	10.5	10.3	10.2	10.4	10.5	12.2	9.9	10.2	10.4	10.6
1-year ARM (without buydown)	8.1	8.3	8.3	8.1	8.3	8.5	7.6	7.9	8.2	8.3	8.6
Corporate AAA Bond Rate	9.2	9.8	9.8	9.6	9.8	9.9	11.4	9.0	9.3	9.8	10.0
Government Bond Rate	8.5	9.1	8.8	8.4	8.6	8.8	10.8	7.8	8.5	8.7	9.2
Short-Term Interest Rates											
Federal Funds Rate	6.7	6.8	6.7	6.4	6.6	7.8	8.1	6.8	6.6	6.7	7.3
3-month T-Bill Rate	5.7	6.0	5.7	5.4	5.8	5.7	7.5	6.0	5.8	5.6	6.3
Prime Rate	8.0	8.4	5.9	8.6	8.8	8.8	9.9	8.3	8.2	8.7	8.9
Discount Rate	5.5	5.7	5.9	5.8	5.9	6.0	7.7	6.3	5.6	5.9	6.3
Money Supply (M1) (% change)	6.5	0.0	4.5	6.7	6.6	6.3	9.1	13.3	11.3	4.9	6.4
Value of U.S. Dollar (Trade-Weighted Avg.)	97.0	98.7	88.5	87.5	86.8	85.9	143.2	112.3	97.0	87.2	85.0
Percent Change	-11.1	7.2	-23.4	-4.8	-4.2	-4.9	3.5	-21.6	-13.6	-10.1	-2.5

Source: Forecast produced using Laurence H. Meyer and Associates' model of the U.S. economy.
Assumptions and simulations by Dr. John Tuccillo, Dr. Frederick Flick, and Sean Burns, National Association of REALTORS®.

Industrial Markets By City

Canada

MONTREAL: INDUSTRIAL

Market Area: Montreal, Vaudreuil, Laval, South Shore, and Fuburbs on the Island of Montreal

DEMOGRAPHICS

POPULATION: 2,828,349
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: n/a

VACANT INVENTORY

Central City: n/a
Suburban: n/a

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

A strong regional and local economy has heightened demand for quality industrial space in Montreal. Shortages of Buildings in every SIOR industrial building category has put pressure on sales and lease prices. Many corporations which might have been in the market to buy buildings have leased space instead. Several industrial users who lease property have enlarged or upgraded their space.

A limited supply of suitable land for industrial development is a continuing problem. Development has been pushed out into more remote areas following a familiar pattern in numerous cities in North America.

1988 FORECAST

Construction and absorption of all types of industrial properties will increase one to five percent in 1988. Sales and lease prices will increase one to five percent and site prices will be up six to 10 percent. In prime areas, sites are becoming more difficult to secure.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Up 11-15%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$5.00-$7.00	$4.00-$6.00	$2.50-$5.00	$2.00-$5.00	$1.00-$1.50	$0.75-$1.25	$0.60-$1.00
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$50.00-$70.00	n/a	$4.75-$5.25	$50.00-$55.00	Moderate Shortage
5,000 to 19,999	n/a	$40.00-$60.00	n/a	$4.50-$5.00	$45.00-$50.00	Moderate Shortage
20,000 to 39,999	n/a	$36.00-$45.00	n/a	$4.25-$5.00	$35.00-$40.00	Moderate Shortage
40,000 to 59,999	n/a	$34.00-$42.00	n/a	$4.00-$4.50	$34.00-$36.00	Moderate Shortage
60,000 to 99,999	n/a	$34.00-$42.00	n/a	$4.00-$4.50	$32.00-$34.00	Moderate Shortage
More Than 100,000	n/a	$30.00-$40.00	n/a	$4.00-$4.35	$32.00	Moderate Shortage
High Tech/R & D	n/a	$40.00-$60.00	n/a	$8.50-$13.00	$45.00-$65.00	Moderate Shortage

DEMOGRAPHICS

POPULATION: 3,427,168
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 6.0%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: 61,000,000 sq.ft.
Suburban: 438,000,000 sq.ft.

VACANT INVENTORY

Central City: 3,700,000 sq.ft.(6.1%)
Suburban: 26,300,000 sq.ft.(6.0%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: 20,000,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

TORONTO: INDUSTRIAL

Market Area: Toronto, Mississauga, Brampton, Vaughan, Markham, Durham, York, Scarborough, and Etobicoke

1987 REVIEW

A healthy economy in Toronto generated a strong demand for manufacturing and distribution facilities resulting in record sales and leasing activity in 1987. An owner-oriented market has emerged creating a strong demand at a time when there is a shortage of buildings for sale. This has encouraged rapid turnover and rising prices. Another force driving sales is the fact many of the buyers are investors and/or manufacturers who have special needs which cannot be met in the rental market.

Speculative construction has been more prevalent than in the past. A minor portion of this construction is being sold in condominium form.

1988 FORECAST

Construction inside the metro area will be limited by the small amount of land available. As a result, redevelopment of older industrial sites is expected to become more prevalent in the market. The availability of serviced land is limiting construction.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

ABSORPTION

Manufacturing: n/a
Warehouse/Distribution: n/a
High Tech/R & D: n/a

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - SALES ••	Up 15-25%	Up 15-25%	Up 15-25%
DOLLAR VOLUME - LEASES ••	Up 15-25%	Up 15-25%	Up 15-25%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$4.75-$12.50	$4.50-$12.50	$3.95-$8.40	$3.95-$6.75	$0.90-$4.50	$0.90-$2.90	$0.70-$2.00
CENTRAL CITY	$9.00	$9.00	$9.00	$9.00	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$60.00-$80.00	$50.00-$75.00	$5.00-$7.50	$4.50-$7.00	$55.00-$65.00	Balanced Market
5,000 to 19,999	$60.00-$80.00	$50.00-$75.00	$5.00-$7.50	$4.50-$7.00	$50.00-$55.00	Balanced Market
20,000 to 39,999	$45.00-$65.00	$45.00-$65.00	$4.50-$6.50	$4.25-$6.25	$45.00-$50.00	Moderate Shortage
40,000 to 59,999	$45.00-$65.00	$45.00-$65.00	$4.50-$6.50	$4.25-$6.25	$39.00-$44.00	Moderate Shortage
60,000 to 99,999	$40.00-$60.00	$37.00-$60.00	$4.25-$5.00	$4.00-$5.50	$35.00-$40.00	Moderate Shortage
More Than 100,000	$40.00-$60.00	$37.00-$60.00	$4.25-$5.00	$4.00-$5.50	$35.00	Moderate Shortage
High Tech/R&D	n/a	n/a	n/a	n/a	$70.00	Balanced Market

England

LONDON: INDUSTRIAL

Market Area: London Metropolitan Area
Prices quoted are in U.S. Currency with $ 1.00 =0.6 pounds

DEMOGRAPHICS

POPULATION: 6,700,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 7.6%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: n/a

VACANT INVENTORY

Central City: n/a
Suburban: n/a

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Pension Funds

1987 REVIEW

London's industrial market is constrained by restrictions on the expansion of existing properties and a limited supply of land for development. Strong demand has led to escalating sales and lease prices. Money is available for development compared to a year ago, but lenders are very selective in today's market.

There are shortages of all sizes and types of prime industrial properties except high-tech buildings. Despite the restrictions on development, new construction will be undertaken as higher rents justify the higher costs of site acquisition.

1988 FORECAST

Construction and absorption of all but high-tech properties is expected to increase more than 10 percent in 1988 while high-tech construction will increase between six and ten percent. Sales and lease prices and the cost of land will increase by one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 20%

CONSTRUCTION

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	25%	25%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Up 1-5%	Up 11-15%
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Up 11-15%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 1-5%	Up 11-15%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$29.16	$27.10	$25.75	$25.75	$27.10	$21.31	$18.51
CENTRAL CITY	$30.42	$28.31	$25.40	$25.40	$27.72	$21.29	$18.42

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$141.10	$124.50	$11.32	$11.00	$71.98	Moderate Shortage
5,000 to 19,999	$117.25	$99.60	$9.58	$9.42	$63.98	Moderate Shortage
20,000 to 39,999	$105.75	$99.60	$9.50	$9.40	$60.78	Balanced Market
40,000 to 59,999	$91.30	$83.00	$9.13	$9.10	$57.58	Moderate Shortage
60,000 to 99,999	$91.00	$82.50	$9.40	$9.31	$55.99	Moderate Shortage
More Than 100,000	$91.30	$91.30	$9.35	$9.30	$55.99	Substantial Shortage
High Tech/R & D	$265.00	$265.00	$23.24	$23.00	$143.96	Balanced Market

France

PARIS: INDUSTRIAL

Market Area: Paris Metropolitan Area

DEMOGRAPHICS

POPULATION: 10,249,000 (1986)
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 8.7% (1986)
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: n/a

VACANT INVENTORY

Central City: n/a (5.0%)
Suburban: n/a (10.0%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Owner Financing

1987 REVIEW

Industrial construction in the Paris market area remained about the same as it had been in 1986 except for a moderate increase in construction of properties designed for use by high-tech/R & D firms. The dollar volume of sales of high-tech and warehouse/distribution space increased one to five percent. SIOR panelists in Paris report there is a moderate oversupply of buildings with more than 40,000 square feet. The supply of smaller buildings and high-tech space are reported to be in balance with demand.

1988 FORECAST

It appears there will be little change in industrial market conditions during 1988. Construction of high-tech buildings will increase slightly, but not enough to affect sales or lease prices. Site prices for industrial construction will increase one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Same	Same	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 1-5%	Same	Up 1-5%
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	$5.00-$8.00	$5.00-$8.00	$4.00-$6.00	n/a	n/a	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$90.00	$60.00	$10.00	$7.00	$40.00	Balanced Market
5,000 to 19,999	$60.00	$40.00	$7.00	$5.00	$35.00	Balanced Market
20,000 to 39,999	$60.00	$40.00	$6.00	$5.00	$35.00	Balanced Market
40,000 to 59,999	$50.00	$35.00	$6.00	$4.50	$25.00	Moderate Oversupply
60,000 to 99,999	$50.00	$35.00	$6.00	$4.50	$35.00	Moderate Oversupply
More Than 100,000	n/a	$30.00	n/a	$4.00	$30.00	Moderate Oversupply
High Tech/R & D	$120.00	$90.00	$13.00	$10.00	$60.00	Balanced Market

United States

ALBANY: INDUSTRIAL

Market Area: Downtown Albany, Colonie, Guilderland, Clifton Park, E. Greenbush, Scotia, Rotterdam,Bethlehem

DEMOGRAPHICS

POPULATION: 843,600 (MSA)
POPULATION GROWTH RATE: 0.1%
EMPLOYMENT GROWTH RATE: 1.9%
UNEMPLOYMENT RATE: 3.5%
PER CAPITA INCOME: $12,075

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

Albany's access to interstate highway and rail transportation networks servicing the major Northeast U.S. markets has made the capital district a growing distribution point for many regional and national companies. As a result, the majority of activity in the industrial sector has focused on warehouse/distribution space (sale and lease) and site location.

Substantial shortages are reported for buildings with less than 40,000 square feet. Buildings with more than 40,000 square feet are reported to be in moderately short supply.

1988 FORECAST

The Albany area will continue to experience a shortage of both existing facilities and sites with adequate utilities and zoning. Rental rates and land prices are increasing.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	15%	5%
RATE OF NEW CONSTRUCTION ••	Same	Same	Up 6-10%
DOLLAR VOLUME - SALES ••	Up 6-10%	Same	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.50-$1.75	$1.25-$1.50	$0.85-$1.10	$0.50-$1.00	$0.25-$0.35	$0.20-$0.30	$0.10-$0.20
CENTRAL CITY	$1.25-$1.35	$1.00-$1.25	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$22.00-$27.00	$27.00-$40.00	$3.00-$3.75	$4.25-$4.75	$30.00-$35.00	Substantial Shortage
5,000 to 19,999	$18.00-$27.00	$26.00-$33.00	$2.50-$3.25	$3.50-$3.75	$28.00-$32.00	Substantial Shortage
20,000 to 39,999	$16.00-$25.00	$16.00-$31.00	$2.25-$3.00	$2.50-$3.25	$25.00-$30.00	Substantial Shortage
40,000 to 59,999	$13.00-$20.00	$15.00-$22.00	$2.00-$2.75	$2.50-$3.00	$25.00-$30.00	Moderate Shortage
60,000 to 99,999	$13.00-$21.00	$14.00-$21.00	$1.75-$2.25	$2.50-$3.00	$20.00-$25.00	Moderate Shortage
More Than 100,000	n/a	$10.00-$20.00	n/a	$2.00-$2.75	$18.00-$24.00	Moderate Shortage
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	Balanced Market

DEMOGRAPHICS

POPULATION: 474,400
POPULATION GROWTH RATE: 1.9%
EMPLOYMENT GROWTH RATE: 4.4%
UNEMPLOYMENT RATE: 6.9%
PER CAPITA INCOME: $11,381

MARKET DATA

TOTAL INVENTORY
Central City: 8,500,000 sq.ft.
Suburban: 3,700,000 sq.ft.

VACANT INVENTORY
Central City:1,000,000 sq.ft.(11.8%)
Suburban:400,000 sq.ft.(10.8%)

NET ABSORPTION
Central City: 200,000 sq.ft.
Suburban: 100,000 sq.ft

CURRENT CONSTRUCTION
Central City: 100,000 sq.ft.
Suburban: 100,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Owner Financing

ALBUQUERQUE: INDUSTRIAL

Market Area: Albuquerque, Bernalillo County (outside city limits) and Rio Rancho

1987 REVIEW

Albuquerque's economy has been bolstered in recent years by defense-related spending. SIOR panelists in this market area describe the current industrial real estate market as "quiet but stable." Business expansion and job growth have slowed while unemployment has remained fairly constant at 6.9 percent.

Dollar volume of sales and leases were down in 1987. Vacancies are about 12 percent in central city locations and 11 percent in suburban areas. Smaller buildings with less than 40,000 square feet and very large buildings with more than 100,000 square feet are in moderate oversupply.

1987 FORECAST

Construction slowed a bit in 1987 but lease activity has been steady, indicating a possible need for limited speculative development in the near future.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: UP 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

DOLLAR ITEM
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	20%	20%
RATE OF NEW CONSTRUCTION ••	Down 11-15%	Down 11-15%	Down 11-15%
DOLLAR VOLUME - SALES ••	Down 20%	Down 20%	Down 20%
DOLLAR VOLUME - LEASES ••	Down 6-10%	Down 6-10%	Down 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.50-$2.00	$1.00-$1.75	$0.75-$1.50	$0.50-$1.00	$1.00	$0.50	$0.35
CENTRAL CITY	$3.00-$4.00	$2.50-$3.50	$2.00-$3.00	$1.75-$2.50	$1.80	$1.25	$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$40.00	$40.00	$6.50	$5.00	$37.50	Moderate Oversupply
5,000 to 19,999	$35.00	$35.00	$5.50	$4.50	$32.50	Moderate Oversupply
20,000 to 39,999	$30.00	$30.00	$3.50	$3.75	$32.50	Moderate Oversupply
40,000 to 59,999	$25.00	$25.00	$4.25	$3.50	$32.50	Balanced Market
60,000 to 99,999	$25.00	$25.00	$4.00	n/a	$37.50	Balanced Market
More Than 100,000	$25.00	$25.00	$3.50	n/a	$27.50	Moderate Oversupply
High Tech/R & D	$50.00-$60.00	$50.00-$60.00	$10.00-$11.00	$10.00	$55.00	Moderate Oversupply

ATLANTA: INDUSTRIAL

Market Area: Atlanta Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,560,500
POPULATION GROWTH RATE: 19.8%
EMPLOYMENT GROWTH RATE: 4.9%
UNEMPLOYMENT RATE: 4.7%
PER CAPITA INCOME: $12,806

MARKET DATA

TOTAL INVENTORY

Central City: 27,550,000 sq.ft.
Suburban: 190,403,000 sq.ft.

VACANT INVENTORY

Central City: 3,830,000 sq.ft.(13.9%)
Suburban: 25,662,000 sq.ft.(13.4%)

NET ABSORPTION

Central City: 1,563,000 sq.ft.
Suburban: 5,141,988 sq.ft.

CURRENT CONSTRUCTION

Central City: 102,245 sq.ft.
Suburban: 7,381,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

Atlanta's economy is fueled by growth in service industries, wholesale trade, and retail trade. The manufacturing sector accounts for only 14 percent of jobs in the Atlanta area which is low compared to other major cities.

Warehouse and distribution space accounted for 70 percent of the absorption of industrial space in 1987. Construction of warehouse and distribution properties is up 11 to 15 percent compared to a year ago. Despite a substantial oversupply of prime industrial space in nearly every SIOR building-size category, SIOR panelists in the Atlanta area report that demand for most types of industrial properties remains strong.

1988 FORECAST

The overall economic climate in Atlanta is healthy and unless the national economy falters, the Atlanta market should continue to sustain moderate growth. Construction and absorption of warehouse and distribution space will increase between 11 and 15 percent in 1988.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 11-15%

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Down 1-5%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME

Sales: Same
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	10%	20%
RATE OF NEW CONSTRUCTION ••	Up 11-15%	Same	Down 11-15%
DOLLAR VOLUME - SALES ••	Same	Same	Up 11-15%
DOLLAR VOLUME - LEASES ••	Up 11-15%	Same	Down 11-15%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.50	$2.00	$1.75	$1.50	$2.00	$1.75	$1.50
CENTRAL CITY	$3.00	$2.50	$1.75	$1.50	$1.75	$1.00	$0.75

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$27.00	$37.00	$5.00	$5.00	$42.00	Balanced Market
5,000 to 19,999	$25.00	$32.00	$4.75	$4.50	$32.00	Substantial Oversupply
20,000 to 39,999	$20.00	$29.00	$4.50	$4.00	$27.00	Substantial Oversupply
40,000 to 59,999	$23.00	$25.00	$3.50	$3.50	$24.00	Substantial Oversupply
60,000 to 99,999	$21.00	$23.00	$3.25	$3.25	$19.00	Substantial Oversupply
More Than 100,000	$18.00	$22.00	$2.75	$2.75	$16.00	Substantial Oversupply
High Tech/R & D	$50.00	$60.00	$9.00	$6.00	$47.00	Substantial Oversupply

AUSTIN: INDUSTRIAL

Market Area: Austin Metropolitan Area

DEMOGRAPHICS

POPULATION: 726,400
POPULATION GROWTH RATE: 4.9%
EMPLOYMENT GROWTH RATE: 7.3%
UNEMPLOYMENT RATE: 6.5%
PER CAPITA INCOME: $12,469

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: 12,878,536 sq. ft.

VACANT INVENTORY

Central City: n/a
Suburban: 3,437,262 sq.ft.(26.7%)

NET ABSORPTION

Central City: n/a
Suburban: 200,000 sq. ft.

CURRENT CONSTRUCTION

Central City: n/a
Suburban: 50,000 sq. ft.

MORTGAGE MONEY SUPPLY

Tight

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

Austin's industrial real estate market is recovering from a modest year in 1987. The dollar volume of leases were off 25 percent in all three SIOR structure categories -- warehousing/distribution, manufacturing and high technology/research and development. The overall vacancy rate is 26.7 percent.

Seventy-five percent of absorption was for use in warehousing and distribution. The balance of absorbed space was manufacturing space. Demand for high-technology space was very weak resulting in a substantial oversupply for this type of property.

1988 FORECAST

Austin's economy is showing signs of recovery as the new year begins. The larger employers in the Austin area are hiring and will face increased space requirements later in the year. Even the beleaguered semiconductor industry is expanding.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	25%	0%
RATE OF NEW CONSTRUCTION ••	Down 50%	Down 50%	Down 75%
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Down 25%	Down 25%	Down 25%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.00	$1.50	$1.25	$1.00	$1.00	$0.80	$0.50
CENTRAL CITY	$3.00	$3.00	$2.50	$2.00	$2.75	$1.75	$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$37.60	$37.60	n/a	$3.36	$28.00	Balanced Market
5,000 to 19,999	$37.40	$37.40	n/a	$3.24	$26.00	Balanced Market
20,000 to 39,399	$34.85	$34.85	n/a	$3.13	$23.00	Moderate Oversupply
40,000 to 59,999	$31.45	$31.45	n/a	$3.02	$20.00	Substantial Oversupply
60,000 to 99,999	$28.80	$28.80	n/a	$3.02	$19.00	Moderate Oversupply
More Than 100,000	$28.80	$28.80	n/a	$2.89	$17.00	Balanced Market
High Tech/R & D	$60.00	$60.00	n/a	$7.41	$40.00	Substantial Oversupply

BALTIMORE: INDUSTRIAL

Market Area: Baltimore Metro Area, including Columbia

1987 REVIEW

Despite an overall decline in manufacturing employment during the past 10 years, Baltimore still has a large, diversified industrial base. Also, it has become a central distribution point for foreign goods entering this country through its ports.

SIOR panelists in Baltimore report that the industrial real estate market is very healthy and active. There is a dramatic shortage of quality buildings available for sale to the user/investor. However, there is no such shortage of quality space for lease. Vacancy rates range from 20 percent in central city areas to 12 percent in suburban areas.

1988 FORECAST

Absorption of warehouse/distribution space and high tech space is expected to increase by one to five percent. Sales prices will respond to the shortage of quality space for sale and increase by six to 10 percent, forcing dollar volumes up too.

DEMOGRAPHICS

POPULATION: 2,280,000
POPULATION GROWTH RATE: 0.5%
EMPLOYMENT GROWTH RATE: 2.0%
UNEMPLOYMENT RATE: 4.5%
PER CAPITA INCOME: $12,545

MARKET DATA

TOTAL INVENTORY

Central City: 20,000,000 sq.ft.
Suburban: 50,000,000 sq.ft.

VACANT INVENTORY

Central City: 4,000,000 sq.ft.(20%)
Suburban: 6,000,000 sq.ft.(12%)

NET ABSORPTION

Central City: 2,800,000 sq.ft.
Suburban: 5,000,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 700,000 sq.ft.
Suburban: 4,000,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 6-10%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	55%	15%	30%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Same	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - LEASES ••	Up 1-5%	Same	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.20-$6.00	$2.20-$6.00	$2.00-$6.00	$2.20-$5.00	$0.75-$2.50	$0.75-$2.00	$0.50-$1.75
CENTRAL CITY	$1.75-$2.00	$1.75-$2.00	$1.75-$2.00	n/a	$1.25	$1.00-$1.10	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$45.00	$60.00-$75.00	$5.00	$5.50	$55.00-$60.00	Substantial Shortage
5,000 to 19,999	$25.00-$30.00	$40.00-$60.00	$4.00	$4.00-$5.00	$35.00-$40.00	Moderate Oversupply
20,000 to 39,999	$22.00-$25.00	$40.00-$50.00	$3.50	$3.75-$4.25	$30.00-$35.00	Moderate Oversupply
40,000 to 59,999	$22.00	$30.00	$3.00-$3.50	$3.25-$4.25	$22.00-$25.00	Moderate Oversupply
60,000 to 99,999	$20.00	$25.00-$30.00	$2.75-$3.50	$2.75-$3.50	$22.00	Balanced Market
More Than 100,000	$20.00	$25.00	$2.50	$3.00-$3.50	$22.00-$25.00	Balanced Market
High Tech/R & D	n/a	$60.00	$4.50	$7.00-$11.50	$50.00	Moderate Oversupply

BIRMINGHAM: INDUSTRIAL

Market Area: Birmingham, Tarrant, Pinson, Hoover, Bessemer, and Oxmoor.

DEMOGRAPHICS

POPULATION: 3,560,000
ANNUAL GROWTH RATE: 0.4%
TOTAL EMPLOYMENT: 1,760,000
UNEMPLOYMENT RATE: 5.9%
PER CAPITA INCOME: $10,588

MARKET DATA

TOTAL INVENTORY

Central City: 5,000,000 sq.ft.
Suburban: 6,700,000 sq.ft.

VACANT INVENTORY

Central City: 450,000 sq.ft. (9.0%)
Suburban: 536,000 sq.ft. (8.0%)

NET ABSORPTION

Central City: 163,000 sq.ft.
Suburban: 114,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 500,000 sq.ft.
Suburban: 180,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Birmingham has a relatively vital economy compared to many other cities in the South. The industrial inventory is primarily warehouse and distribution space. Moderate shortages are reported in four of the SIOR building-size categories. Demand for well located, prime office/warehouse and industrial buildings is strong.

Sales and lease prices are slightly higher than a year ago and site prices are stable. Rental rates for prime industrial properties with less than 20,000 square feet in suburban locations are reported to be 30 to 40 percent higher than similar space in central locations.

1988 FORECAST

The byword for the Birmingham industrial market in 1988 is stability. Absorption should continue at 1987's pace of about 275,000 square feet. Construction is expected to be off by one to five percent compared to 1987.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME

Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	10%	10%
RATE OF NEW CONSTRUCTION ••	Down 6-10%	Same	Up 6-10%
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.00	$1.80	$1.25	$1.25	$1.00	$0.50	$0.30
CENTRAL CITY	$5.00	$4.50	$3.50	n/a	$2.00	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$29.00	$40.00	$3.50	$5.15	$32.00	Balanced Market
5,000 to 19,999	$22.00	$28.00	$3.25	$4.50	$28.00	Moderate Shortage
20,000 to 39,999	$20.00	$27.00	$3.00	$3.25	$20.00	Moderate Oversupply
40,000 to 59,999	$18.00	$22.00	$2.50	$3.00	$18.00	Moderate Shortage
60,000 to 99,999	$15.00	$16.00	$2.25	$2.50	$17.00	Moderate Shortage
More Than 100,000	$15.00	$17.00	$2.00	$2.50	$16.00	Moderate Shortage
High Tech/R & D	n/a	$50.00	$8.50	$9.00	$40.00	n/a

BOSTON: INDUSTRIAL

Market Area: Boston Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,824,000 (PMSA)
POPULATION GROWTH RATE: 0.2%
EMPLOYMENT GROWTH RATE: 2.6%
UNEMPLOYMENT RATE: 2.0%
PER CAPITA INCOME: $14,747

MARKET DATA

TOTAL INVENTORY

Central City: 15,000,000 sq.ft.
Suburban: 120,000,000 sq.ft.

VACANT INVENTORY

Central City: 500,000 sq.ft.(3.0%)
Suburban: 16,000,000 sq.ft.(13.3%)

NET ABSORPTION

Central City: 200,000 sq.ft.
Suburban: 4,500,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 300,000 sq.ft.
Suburban: 3,000,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Boston's economy is considered by most analysts to be one of the strongest in the nation. A high concentration of high technology and defense-related firms has made this area a leader in research and development, and high-tech manufacturing. Employment growth in both manufacturing and non-manufacturing industries has been remarkably strong, averaging 2.6 to 2.8 annually between 1975 and 1985.

About 55 percent of absorption in 1987 was by high-tech/research and development users. Presently, transactions are moving slowly. Many small to medium users are looking for warehousing/distribution and manufacturing space.

1988 FORECAST

Construction of high tech space will decline by 11 to 15 percent while other types of industrial space will increase by six to 10 percent. Absorption will remain strong, pushing most rental rates up.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Down 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Down 1-5%

ABSORPTION

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Down 11-15%

CONSTRUCTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME

Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	20%	25%	55%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 6-10%	Down 11-15%
DOLLAR VOLUME - SALES ••	Down 1-5%	Down 1-5%	Down 11-15%
DOLLAR VOLUME - LEASES ••	Down 1-5%	Down 1-5%	Down 11-15%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$5.00	$4.00	$4.00	$3.00	$3.00	$3.00	$2.00
CENTRAL CITY	$5.00	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are ***NET*** prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$40.00-$60.00	$50.00-$70.00	$4.50	$6.00-$7.00	$40.00	Substantial Shortage
5,000 to 19,999	$60.00-$80.00	$50.00-$70.00	$4.50	$6.00-$6.75	$35.00	Moderate Shortage
20,000 to 39,999	$60.00-$80.00	$50.00-$70.00	$4.75	$4.75-$6.00	$28.00	Balanced Market
40,000 to 59,999	$60.00-$80.00	$50.00-$70.00	$4.50	$4.50-$5.75	$25.00	Balanced Market
60,000 to 99,999	$60.00-$80.00	$50.00-$70.00	$4.50	$4.50-$5.75	$20.00	Balanced Market
More Than 100,000	$60.00-$80.00	$50.00-$70.00	$4.00	$4.50-$5.75	$18.00	Balanced Market
High Tech/R & D	$70.00	$80.00-$100.00	$8.50	$7.50	$60.00	Substantial Oversupply

BRIDGEPORT/STRATFORD: INDUSTRIAL

Market Area: Bridgeport, Stratford, Fairfield, Monroe, Trumbull, Shelton

DEMOGRAPHICS

POPULATION: 440,000
POPULATION GROWTH RATE: 0.2%
EMPLOYMENT GROWTH RATE: 3.4%
UNEMPLOYMENT RATE: 3.6%
PER CAPITA INCOME: $18,921

MARKET DATA

TOTAL INVENTORY

Central City: 18,000,000 sq.ft.
Suburban: 5,200,000 sq.ft.

VACANT INVENTORY

Central City:2,270,000 sq.ft.(12.6%)
Suburban: 571,000 sq.ft.(11.0%)

NET ABSORPTION

Central City: 282,000 sq.ft.
Suburban: 190,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 120,000 sq.ft.
Suburban: 78,000 sq.ft.

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

SIOR industrial panelists in Bridgeport report that since the early part of 1987, the industrial market has gone into a moderate tailspin. Thinking that declines in sales activity could be partially attributed to tax reform, they expected more leasing activity – something which has not taken place.

There is a fair inventory of older, multistory buildings in the central city where the vacancy rate is near 13 percent. Newer, single story facilities in the suburbs are still short supply. There is a substantial shortage of buildings with less than 20,000 square feet.

1988 FORECAST

SIOR panelists in Bridgeport describe the sentiment in their market area as "wait and see". Construction will be down significantly and sales prices will decline one to five percent. Absorption and lease prices will experience moderate increases.

OUTLOOK

SALES PRICES

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION

Manufacturing: Down 11-15%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME

Sales: Down 6-10%
Leases: Down 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	25%	60%	15%
RATE OF NEW CONSTRUCTION ••	Down 11-15%	Down 20%	Down 1-5%
DOLLAR VOLUME - SALES ••	Down 20%	Down 30%	Down 25%
DOLLAR VOLUME - LEASES ••	Down 11-15%	Down 11-15%	Down 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$8.00	$7.50	$7.00	n/a	n/a	n/a	n/a
CENTRAL CITY	$7.00	$5.75	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$55.00	$60.00	$5.50	n/a	$55.00	Substantial Shortage
5,000 to 19,999	$55.00	$60.00	$6.00	$7.00	$50.00	Substantial Shortage
20,000 to 39,999	$40.00	$55.00	$6.50	$6.50	$45.00	Moderate Shortage
40,000 to 59,999	$40.00	$45.00	$5.50	$6.25	$45.00	Moderate Shortage
60,000 to 99,999	n/a	n/a	$5.75	$6.25	$45.00	Balanced Market
More Than 100,000	n/a	n/a	$5.00	$5.50	$40.00	Moderate Shortage
High Tech/R & D	n/a	n/a	$8.00	$10.00	$80.00	Moderate Oversupply

BUFFALO: INDUSTRIAL

Market Area: Buffalo, Erie County

DEMOGRAPHICS

POPULATION: 964,700
POPULATION GROWTH RATE: -0.9%
EMPLOYMENT GROWTH RATE: 0.2%
UNEMPLOYMENT RATE: 5.0%
PER CAPITA INCOME: $11,680

MARKET DATA

TOTAL INVENTORY

Central City: 26,300,000 sq.ft.
Suburban: 68,700,000 sq.ft.

VACANT INVENTORY

Central City: 2,500,000 sq.ft.(9.5%)
Suburban: 6,800,000 sq. ft.(9.9%)

NET ABSORPTION

Central City: 50,000 sq.ft.
Suburban: 75,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 50,000 sq.ft.
Suburban: 200,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Owner Financing, UDAG's

1987 REVIEW

Buffalo's industrial real estate market is influenced by several characteristics of the area's economy: an established and diverse manufacturing base; port facilities that handle a fairly large volume of goods; and, an advanced rail transportation network including the new Light Rail Rapid Transit System.

One half of absorption during 1987 was for warehousing and distribution use. Manufacturing and warehouse/distribution construction was up one to five percent compared to a year ago. Overall, the Buffalo industrial market is balanced except for moderate shortages of buildings with less than 40,000 square feet.

1988 FORECAST

SIOR panelists in Buffalo report that in early 1988, the market is fairly slow. Lease prices for all types of industrial properties are expected to increase by one to five percent in 1988. Site prices will increase by one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	20%	30%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Up 1-5%	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Up 1%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.50-$0.75	$0.50-$0.75	$0.45-$0.65	$0.45-$0.60	$0.12-$0.18	$0.10-$0.15	$0.05-$0.09
CENTRAL CITY	$0.30-$0.50	$0.30-$0.50	$0.30-$0.50	$0.30-$0.50	$0.23-$0.30	$0.23-$0.25	$0.23-$0.25

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$15.00-$18.00	$25.00-$30.00	$2.75-$3.25	$4.00-$4.75	$30.00-$35.00	Moderate Shortage
5,000 to 19,999	$11.00-$15.00	$20.00-$25.00	$2.50-$2.75	$3.75-$4.50	$28.00-$30.00	Moderate Shortage
20,000 to 39,999	$10.00-$12.00	$15.00-$20.00	$2.00-$2.50	$2.50-$3.50	$25.00-$28.00	Moderate Shortage
40,000 to 59,999	$10.00-$12.00	$12.00-$15.00	$2.00-$2.50	$2.50-$3.50	$25.00-$28.00	Balanced Market
60,000 to 99,999	$8.00-$10.00	$10.00-$15.00	$1.75-$2.50	$2.50-$3.00	$23.00-$25.00	Balanced Market
More Than 100,000	$8.00-$10.00	$10.00-$15.00	$1.75-$2.50	$2.10-$2.50	$24.00-$26.00	Balanced Market
High Tech/R & D	$45.00-$50.00	$50.00	$12.50-$16.00	$16.00-$18.00	$65.00-$75.00	Balanced Market

DEMOGRAPHICS

POPULATION: 485,700
POPULATION GROWTH RATE: 2.1%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 3.7%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: 300,000 sq.ft.
Suburban: 12,000,000 sq.ft.

VACANT INVENTORY

Central City: 5,000 sq.ft.(1.7%)
Suburban: 600,000 sq.ft.(5.0%)

NET ABSORPTION

Central City: 0 sq.ft.
Suburban: 400,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 0 sq.ft.
Suburban: 500,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

CHARLESTON, SC: INDUSTRIAL

Market Area: Charleston Metropolitan Area

1987 REVIEW

Charleston's economy has four primary components: the military, industrial manufacturing, the port, and tourism. Absorption of industrial real estate in 1987 was primarily for use in warehousing and distribution. Nearly all industrial space is located in suburban areas.

Prime buildings with between 5,000 and 40,000 square feet are in moderately short supply. Small buildings with less than 5,000 square feet are moderately oversupplied.

1988 FORECAST

SIOR panelists in the Charleston area expect moderate increases in lease and sales prices for all three SIOR building-type categories of between one and five percent in 1988. Construction of manufacturing space will be off slightly compared to 1987 levels, however, construction of new warehouse and distribution space will be up by one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Same
Leases : Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	20%	5%
RATE OF NEW CONSTRUCTION ••	Down 1-5%	Same	Same
DOLLAR VOLUME - SALES ••	Down 1-5%	Same	Same
DOLLAR VOLUME - LEASES ••	Up 1-5%	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.00-$1.25	$0.50-$1.00	$0.50-$0.80	$0.30-$0.50	$0.30-$0.40	$0.30	0.20-$0.30
CENTRAL CITY	$1.50-$2.00	$1.30-$1.50	$1.00-$1.20	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$20.00-$25.00	$18.00-$25.00	n/a	$3.90-$4.90	$20.00-$25.00	Moderate Oversupply
5,000 to 19,999	$18.00-$25.00	$16.00-$25.00	n/a	$3.65-$4.15	$1[illegible].00-$20.00	Moderate Shortage
20,000 to 39,999	$16.00-$20.00	$16.00-$22.00	n/a	$2.90-$3.40	$15.00-$20.00	Moderate Shortage
40,000 to 59,999	$16.00-$20.00	$15.00-$20.00	n/a	$2.40-$2.90	$14.00-$20.00	Balanced Market
60,000 to 99,999	n/a	$15.00-$20.00	n/a	$2.20-$2.65	$12.00-$20.00	Balanced Market
More Than 100,000	n/a	$15.00-$17.00	n/a	$2.20-$2.50	$12.00-$20.00	Balanced Market
High Tech/R & D	$30.00-$40.00	$30.00-$40.00	n/a	n/a	$22.00-$30.00	Balanced Market

CHARLOTTE: INDUSTRIAL

Market Area: Charlotte Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,065,400
POPULATION GROWTH RATE: 1.5%
EMPLOYMENT GROWTH RATE: 3.0%
UNEMPLOYMENT RATE: 3.3%
PER CAPITA INCOME: $11,498

MARKET DATA

TOTAL INVENTORY

Central City: 13,800,000 sq.ft.
Suburban: 71,500,000 sq.ft.

VACANT INVENTORY

Central City: 500,000 sq.ft.(3.6%)
Suburban: 7,000,000 sq.ft.(9.8%)

NET ABSORPTION

Central City: 750,000 sq.ft.
Suburban: 11,200,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 650,000 sq.ft.
Suburban: 2,000,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

Charlotte's economy has traditionally been tied to the health of the textile industry. Textiles continue to be a very important component of the local economy, accounting for over 10 percent of total employment. However, in recent years the area's mix of industries has become more diversified.

Charlotte's industrial inventory is over 85 million square feet. Another 2.65 million square feet was built in 1987. Absorption was remarkably strong in 1987; nearly 12 million square feet -- 65 percent of it for warehouse and distribution use. Dollar volume of sales and leases were up sharply between 11 and 15 percent.

1988 FORECAST

SIOR panelists in Charlotte forecast moderate increases in high technology construction, absorption, and prices. The market fundamentals of warehouse and distribution, and manufacturing space will be even stronger, increasing six to 10 percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME

Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	65%	15%	20%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 11-15%	Up 11-15%	Up 11-15%
DOLLAR VOLUME - LEASES ••	Up 11-15%	Up 11-15%	Up 11-15%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.00	$1.75	$1.50	$1.40	$0.50	$0.35	$0.25
CENTRAL CITY	$1.75	$1.60	$1.40	$1.25	$0.65	$0.40	$0.30

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. $base prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$40.00	$40.00	$4.25	$4.25	$40.00	Substantial Oversupply
5,000 to 19,999	$35.00	$35.00	$3.50	$3.50	$35.00	Moderate Oversupply
20,000 to 39,999	$22.50	$22.50	$3.00	$3.00	$22.50	Moderate Oversupply
40,000 to 59,999	$18.00	$18.00	$2.75	$2.75	$18.00	Balanced Market
60,000 to 99,999	$18.00	$18.00	$2.75	$2.75	$18.00	Moderate Shortage
More Than 100,000	$16.00	$16.00	$2.25	$2.25	$16.00	Moderate Shortage
High Tech/R & D	$45.00	$45.00	$10.00	$10.00	$45.00	Substantial Oversupply

CHICAGO: INDUSTRIAL

Market Area: Chicago Metropolitan Area

DEMOGRAPHICS

POPULATION: 6,188,000
POPULATION GROWTH RATE: 0.4%
EMPLOYMENT GROWTH RATE: 1.2%
UNEMPLOYMENT RATE: 5.8%
PER CAPITA INCOME: $13,555

MARKET DATA

TOTAL INVENTORY
Central City: 175,000,000 sq.ft.
Suburban: 510,000,000 sq.ft.

VACANT INVENTORY
Cent.City: 12,125,415 sq.ft.(14.4%)
Suburban: 38,627,112 sq.ft.(13.2%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1987 REVIEW

Chicago's strategic location within the country, its highway and rail networks, abundant labor supply, and access to water transportation all make the metro area an attractive location for manufacturing, warehousing/distribution, and high technology business operations.

In 1987, 68 percent of absorption was for use in warehousing and distribution. Construction of warehouse and distribution space was up 11 to 15 percent from a year earlier. There are currently substantial shortages of buildings with less than 20,000 square feet and large structures with more than 100,000 square feet.

1988 FORECAST

SIOR panelists in Chicago suggest that the Chicago area stands to benefit more than most cities from improvement in the trade deficit. Chicago's enormous manufacturing base would benefit from increased exports of locally produced goods.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	68%	24%	8%
RATE OF NEW CONSTRUCTION **	Up 11-15%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - SALES **	Up 11-15%	n/a	n/a
DOLLAR VOLUME - LEASES **	Up 11-15%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.50-$5.00	$1.50-$4.50	$1.50-$4.50	$1.25-$4.50	$1.25	$1.00	$0.75
CENTRAL CITY	$1.50-$5.00	$1.50-$4.00	$1.00-$3.00	$1.00-$3.00	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$35.00	$49.00	$4.75	$6.00	$39.00	Substantial Shortage
5,000 to 19,999	$30.00	$41.00	$4.25	$5.50	$34.00	Substantial Shortage
20,000 to 39,999	$26.00	$34.00	$3.75	$5.00	$27.00	Moderate Shortage
40,000 to 59,999	$23.00	$30.00	$3.50	$4.75	$25.00	Balanced Market
60,000 to 99,999	$19.00	$25.00	$3.25	$4.50	$22.00	Moderate Shortage
More Than 100,000	$16.00	$23.00	$2.75	$4.25	$20.00	Substantial Shortage
High Tech/R & D	n/a	$60.00	n/a	$14.00	$57.00	n/a

CINCINNATI: INDUSTRIAL

Market Area: Cincinnati Metropolitan Area and Northern Kentucky.

DEMOGRAPHICS

POPULATION: 1,418,600
POPULATION GROWTH RATE: 0.1%
EMPLOYMENT GROWTH RATE: 1.7%
UNEMPLOYMENT RATE: 5.1%
PER CAPITA INCOME: $11,938

MARKET DATA

TOTAL INVENTORY
Central City: 80,000,000 sq.ft.
Suburban: 184,000,000 sq.ft.

VACANT INVENTORY
Central City: 1,200,000 sq.ft.(1.5%)
Suburban: 5,000,000 sq.ft.(2.7%)

NET ABSORPTION
Central City: 300,000 sq. ft.
Suburban: 3,500,000 sq. ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 1,650,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1987 REVIEW

Cincinnati's industrial base is diversified to an extent that it is not as susceptible to cyclical adjustments in the automobile industry as several other cities in the Midwest. The current industrial real estate market reflects the overall vitality of the area's economy.

The vacancy rate for industrial space in suburban areas is only 2.7 percent. Substantial shortages are reported for buildings with more than 100,000 square feet. Approximately 3.8 million square feet of space was absorbed during 1987. Suburban properties with good access are front leaders on the market.

1988 FORECAST

Absorption of warehouse and distribution space will increase by one to five percent in 1988 boosting lease prices. Construction of warehouse and distribution properties will also increase by one to five percent.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	90%	10%	0%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Up 11-15%	Same	Same
DOLLAR VOLUME - LEASES ••	Up 11-15%	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.00-$1.80	$0.75-$1.50	$0.75-$1.50	$0.80	n/a	n/a	$0.20
CENTRAL CITY	$3.00	$2.50	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$30.00	$30.00	$4.50	$5.60	$40.00	Moderate Oversupply
5,000 to 19,999	$22.00	$22.00	$3.50	$3.50	$35.00	Moderate Oversupply
20,000 to 39,999	$20.00	$20.00	$2.75	$2.75	$25.00	Balanced Market
40,000 to 59,999	$17.00	$18.00	$2.25	$2.75	$20.00	Moderate Shortage
60,000 to 99,999	$15.00	$16.00	$2.00	$2.50	$18.00	Moderate Shortage
More Than 100,000	$14.00	$14.00	n/a	$2.50	$17.00	Substantial Shortage
High Tech/R & D	n/a	$35.00	n/a	n/a	n/a	Balanced Market

CLEVELAND: INDUSTRIAL

Market Area: Cleveland and seven surrounding counties.

DEMOGRAPHICS

POPULATION: 1,850,000
POPULATION GROWTH RATE: -0.4%
EMPLOYMENT GROWTH RATE: 0.2%
UNEMPLOYMENT RATE: 5.1%
PER CAPITA INCOME: $13,151

MARKET DATA

TOTAL INVENTORY

Central City: 120,000,000 sq.ft.
Suburban: 172,000,000 sq.ft.

VACANT INVENTORY

Cent.City: 28,000,000 sq.ft.(23.3%)
Suburban: 12,000,000 sq.ft.(7.0%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Cleveland and its surrounding suburbs (especially the Northcoast) are in the midst of a strong rebound which has been steadily growing since early 1984. New companies which were formed when some larger corporations moved south or offshore have prospered and are in their second round of growth.

Most absorption has been in the warehousing and distribution segment of the market. Dollar volumes of sales and leases are up for all types of industrial properties compared to a year ago. Construction of warehouse and distribution space, and manufacturing space is up six to 10 percent also.

1988 FORECAST

National developers and investors are returning to the area in growing numbers and with growing regularity. SIOR panelists in Cleveland expect increases in absorption, construction, and prices in 1988 as Cleveland's growth and rebirth continues.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME

Sales: Up 11-15%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	55%	30%	15%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 11-15%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 6-10%	UP 6-10%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.60-$3.50	$0.60-$3.00	$0.80-$2.00	$0.45-$1.85	$0.10-$0.50	$0.10-$0.50	$0.10-$0.40
CENTRAL CITY	$0.90-$5.00	$1.60-$4.05	$0.50-$3.50	$0.40-$2.75	$0.10-$0.60	$0.10-$0.40	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$28.00	$45.00	$2.75-$5.00	$2.50-$6.50	$35.00-$42.00	Substantial Shortage
5,000 to 19,999	$26.00	$31.00	$1.90-$4.50	$2.25-$4.50	$28.00-$29.00	Substantial Shortage
20,000 to 39,999	$24.00	$23.00	$1.50-$4.00	$2.25-$3.50	$25.00-$26.00	Moderate Shortage
40,000 to 59,999	$19.00	$20.00	$1.00-$3.00	$2.00-$2.75	$23.00-$24.00	Moderate Shortage
60,000 to 99,999	$16.00	$17.00	$1.00-$2.25	$1.50-$2.75	$19.00-$21.00	Moderate Shortage
More Than 100,000	$12.00	$13.00	$0.75-$2.00	$1.50-$2.50	$17.00-$19.00	Balanced Market
High Tech/R & D	n/a	$60.00	n/a	$6.75-$12.00	$45.00-$60.00	Balanced Market

COLUMBIA, SC: INDUSTRIAL

Market Area: Columbia, West Columbia, Cayce, Richland and Lexington Counties

DEMOGRAPHICS

POPULATION: 444,700
POPULATION GROWTH RATE: 1.3%
EMPLOYMENT GROWTH RATE: 2.8%
UNEMPLOYMENT RATE: 3.4%
PER CAPITA INCOME: $10,678

MARKET DATA

TOTAL INVENTORY
Central City: 4,449,000 sq.ft.
Suburban: 19,209,000 sq.ft.

VACANT INVENTORY
Central City: 156,950 sq.ft. (3.5%)
Suburban: 1,261,373 sq.ft. (6.6%)

NET ABSORPTION
Central City: 12,000 sq.ft.
Suburban: 130,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 500,000 sq.ft.
Suburban: 100,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

SIOR panelists in Columbia report that 1987 was another strong year for the area's economy. Growth in the state government has slowed but it still provides a measure of stability to the local economy. New industrial parks have recently been completed and a concerted effort at the local and state level to attract new industries has raised expectations of further growth.

The industrial market is strong. Vacancy rates are very low and shortages are reported in four of the seven SIOR building-size categories. Forty-five percent of the space absorbed in 1987 was for use in manufacturing and 40 percent was for use in warehousing and distribution.

1988 FORECAST

The high-tech sector of the market is expected to be very strong in 1988. Construction, absorption, and sales and lease prices are expected to increase by six to 10 percent. Absorption of warehouse/distribution space will also be up by six to 10 percent.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 6-10%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME
Sales: Up 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	45%	15%
RATE OF NEW CONSTRUCTION **	Same	Same	Same
DOLLAR VOLUME - SALES **	Down 6-10%	Same	Same
DOLLAR VOLUME - LEASES **	Down 6-10%	Up 1-5%	Up 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.00-$2.00	$0.95-$1.50	$0.75-$1.00	$0.50-$0.75	$0.30	$0.18	$0.10
CENTRAL CITY	$2.00	$1.75	$0.70	$0.45	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00	$23.00	$3.00	$3.50	$25.00	Balanced Market
5,000 to 19,999	$20.00	$22.00	$2.75	$3.00	$22.50	Moderate Oversupply
20,000 to 39,999	$18.00	$21.00	$2.50	$2.75	$20.00	Moderate Shortage
40,000 to 59,999	$17.00	$20.00	$2.25	$2.50	$19.00	Moderate Shortage
60,000 to 99,999	$17.00	$20.00	$2.25	$2.40	$18.50	Moderate Shortage
More Than 100,000	$16.00	$19.00	$2.00	$2.40	$18.00	Moderate Shortage
High Tech/R & D	n/a	n/a	n/a	$6.50	$45.00	Balanced Market

COLUMBUS, OH: INDUSTRIAL

Market Area: Columbus Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,299,400
POPULATION GROWTH RATE: 0.7%
EMPLOYMENT GROWTH RATE: 2.2%
UNEMPLOYMENT RATE: 4.8%
PER CAPITA INCOME: $11,663

MARKET DATA

TOTAL INVENTORY

Central City: 19,500,000 sq.ft.
Suburban: 87,600,000 sq.ft.

VACANT INVENTORY

Central City: 350,000 sq.ft.(1.8%)
Suburban: 5,450,000 sq.ft.(6.2%)

NET ABSORPTION

Central City: -10,000 sq.ft.
Suburban: 450,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 0 sq.ft.
Suburban: 2,600,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Columbus has a diverse economic base. It is Ohio's capital city and the home of Ohio State University. It has a solid manufacturing sector with substantial employment in the machinery, glass, and transportation equipment industries.

The vacancy rate in suburban areas (where over 80 percent of industrial space is located) is presently 6.2 percent. Approximately 2.6 million square feet of new construction will be available for lease within 12 months, a rate of construction that is 11 to 15 percent higher than a year ago. Eighty-five percent of absorbed space during 1987 was for use in warehousing and distribution.

1988 FORECAST

SIOR panelists in Columbus cite a favorable labor market, overnight access to two-thirds of the U.S. and Canadian populations, and low land costs as reasons why the warehouse and distribution market will remain strong. Absorption will be up six to 10 percent in 1988.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6 -10%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME

Sales: Up 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	85%	6%	9%
RATE OF NEW CONSTRUCTION ••	Up 11-15%	Up 11-15%	Up 11-15%
DOLLAR VOLUME - SALES ••	Down 6-10%	Down 6-10%	Down 6-10%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.75-$2.00	$0.75-$1.50	$0.35-$1.30	$0.30-$0.85	$0.23	$0.17	$0.11
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. $ease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00-$32.00	$28.00-$40.00	n/a	$3.75-$4.95	$28.00-$40.00	Moderate Oversupply
5,000 to 19,999	$22.00-$30.00	$25.00-$35.00	n/a	$2.50-$3.50	$22.00-$35.00	Balanced Market
20,000 to 39,999	$13.00-$16.00	$18.00-$26.00	n/a	$2.30-$3.75	$18.00-$28.00	Balanced Market
40,000 to 59,999	$12.00-$14.00	$15.00-$25.00	n/a	$2.25-$3.50	$18.00-$25.00	Balanced Market
60,000 to 99,999	$12.00-$14.00	$14.00-$23.00	n/a	$1.95-$3.00	$16.00-$22.00	Moderate Oversupply
More Than 100,000	$12.00-$14.00	$12.00-$22.00	n/a	$1.80-$2.50	$12.00-$15.00	Moderate Oversupply
High Tech/R & D	$30.00-$40.00	$30.00-$40.00	n/a	$5.00-$7.50	$35.00-$40.00	Substantial Oversupply

CONTRA COSTA: INDUSTRIAL

Market Area: Contra Costa County

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 9,000,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 600,000 sq.ft.(7%)

NET ABSORPTION
Central City: n/a
Suburban: 537,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 450,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

Contra Costa County is located northeast of Oakland and includes the cities of Walnut Creek and Concord. The industrial market has approximately nine million square feet of inventory. Currently the vacancy rate is seven percent.

Sixty percent of absorption in 1987 was for use in warehousing and distribution. Construction of warehouse/distribution space is up six to 10 percent compared to a year ago. About 450,000 square feet of new space will be available for lease by the end of 1988.

Moderate shortages exist for industrial buildings with more than 20,000 square feet. Absorption totalled 527,000 square feet in 1987.

1988 FORECAST

SIOR panelists expect more relocation of firms to the area to service a growing population. Absorption space will increase by six to 10 percent. Lease and sales prices will increase modestly except for high-tech/R & D lease prices which will likely decline.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 1-5%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	30%	10%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Same	Same
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$8.00	$6.50	$6.50	$6.00	$6.00	$5.00	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$60.00	n/a	$6.72	$25.00	Moderate Oversupply
5,000 to 19,999	n/a	$60.00	n/a	$6.00	$25.00	Moderate Oversupply
20,000 to 39,999	n/a	$50.00	n/a	$4.20	$23.00	Moderate Shortage
40,000 to 59,999	n/a	$50.00	n/a	$3.60-$4.20	$22.00	Moderate Shortage
60,000 to 99,999	n/a	$50.00	n/a	$3.12-$3.60	$20.00	Moderate Shortage
More Than 100,000	n/a	$45.00	n/a	$2.16-$3.00	$19.00	Moderate Shortage
High Tech/R & D	n/a	n/a	n/a	n/a	$28.00	Moderate Oversupply

DALLAS: INDUSTRIAL

Market Area: Suburban Dallas, Richardson, Farmers Branch, Carrollton, Addison, Duncanville, Grand Prairie, Arlington, Irving, Plano

DEMOGRAPHICS

POPULATION: 3,655,300
POPULATION GROWTH RATE: 3.2%
EMPLOYMENT GROWTH RATE: 5.5%
UNEMPLOYMENT RATE: 6.2%
PER CAPITA INCOME: $14,668

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 222,875,935 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 28,000,000 sq.ft.(12.6%)

NET ABSORPTION
Central City: n/a
Suburban: 0 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 2,761,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Companies

1987 REVIEW

The Dallas industrial market is stabilizing. Lease rates experienced a dramatic decline due to the elimination of free rent concessions. Because of a moderate oversupply in the 20,000 to 60,000 square foot range, there is continuing downward pressure on lease rates. However, prices are currently at or near bottom.

Industrial land for new development is primarily controlled by major developers who closely monitor the need for new speculative construction. Because of the minimal amount of construction, contractors are very competitive for new jobs which has made the build-to-suit and design-build market attractive.

1988 FORECAST

SIOR panelists in the Dallas area expect a stable market in 1988. Construction will not increase from 1987 levels and prices will largely stay the same. Absorption will increase by one to five percent for manufacturing and warehouse and distribution space.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	10%	15%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Same	Down 6-10%
DOLLAR VOLUME - SALES ••	Up 6-10%	Same	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 1-5%	Same	Down 6-10%

•• Compared to A Year Ago

SITE PRICES
(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$4.00	$3.75	$3.50	$2.95	$2.50	$2.00	$1.50
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE
(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$40.00	n/a	$3.90	$24.00	Balanced Market
5,000 to 19,999	n/a	$35.00	n/a	$3.50	$21.50	Balanced Market
20,000 to 39,999	n/a	$32.00	n/a	$3.25	$16.00	Moderate Oversupply
40,000 to 59,999	n/a	$30.00	n/a	$3.00	$13.00	Moderate Oversupply
60,000 to 99,999	n/a	$2[illegible].00	n/a	$2.85	$13.00	Balanced Market
More Than 100,000	n/a	$27.00	n/a	$2.75	$12.50	Balanced Market
High Tech/R & D	n/a	$47.00	n/a	$5.50	$38.00	Substantial Oversupply

DENVER: INDUSTRIAL

Market Area: Metropolitan Denver, Aurora, Lakewood, and Commerce City

DEMOGRAPHICS

POPULATION: 1,633,100
POPULATION GROWTH RATE: 2.3%
EMPLOYMENT GROWTH RATE: 4.2%
UNEMPLOYMENT RATE: 6.2%
PER CAPITA INCOME: $14,599

MARKET DATA

TOTAL INVENTORY
Central City & Suburban: 140,000,000 sq.ft.

VACANT INVENTORY
Cent. City & Suburban: 18,100,000 sq.ft.(12.9%)

NET ABSORPTION
Central City & Suburban: 1,000,000 sq.ft.

CURRENT CONSTRUCTION
Central City & Suburban: 1,200,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Companies

1987 REVIEW

Denver is just beginning to come out of a strong recession as 1987 ends. Sales and leasing of industrial property was at a virtual standstill during the first nine months of 1987. Since then, there has been a substantial increase in activity, leading to positive absorption of 1,000,000 square feet for the year.

Rents and construction costs have retreated to pre-1980 levels creating remarkable opportunities for buyers and tenants. Buildings with less than 40,000 square feet and high-tech space remain oversupplied. Approximately 1,200,000 square feet of industrial space is currently under construction that will be available for lease by the end of 1988.

1988 FORECAST

If current trends continue, developers will be buying land by the end of 1988. Absorption and construction of warehouse and distribution space will be strong, increasing between 11 and 15 percent. Dollar volumes will be up by 11 to 15 percent in 1988.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME
Sales: Up 11-15%
Leases : Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	30%	42%	28%
RATE OF NEW CONSTRUCTION ••	Down 11-15%	Down 11-15%	Down 11-15%
DOLLAR VOLUME - SALES ••	Down 11-15%	Down 11-15%	Down 11-15%
DOLLAR VOLUME - LEASES ••	Down 11-15%	Down 11-15%	Down 11-15%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.75	$2.25	$2.00	$1.75	$1.25	$0.50-$0.75	$0.50
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$35.00	$35.00	$3.75	$3.75	$22.00	Moderate Oversupply
5,000 to 19,999	$24.00	$26.00	$2.75	$2.25	$21.00	Moderate Oversupply
20,000 to 39,999	$22.00	$24.00	$2.50	$2.50	$20.00	Moderate Oversupply
40,000 to 59,999	$22.00	$24.00	$2.25	$2.25	$19.00	Balanced Market
60,000 to 99,999	$20.00	$22.00	$2.15	$2.15	$18.00	Balanced Market
More Than 100,000	$19.00	$22.00	$2.00	$2.50	$14.00	Balanced Market
High Tech/R & D	$28.00	$30.00	$5.75	$5.75	$28.00	Subtantial Oversupply

DES MOINES: INDUSTRIAL

Market Area: Des Moines, Ankeny, Urbandale, and West Des Moines

DEMOGRAPHICS

POPULATION: 381,300
POPULATION GROWTH RATE: 0.2%
EMPLOYMENT GROWTH RATE: 1.9%
UNEMPLOYMENT RATE: 4.0%
PER CAPITA INCOME: $12,827

MARKET DATA

TOTAL INVENTORY

Central City: 13,500,000 sq.ft.
Suburban: 12,000,000 sq.ft.

VACANT INVENTORY

Central City:2,500,000 sq.ft.(18.5%)
Suburban: 1,200,000 sq.ft.(10.0%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: 100,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

Optimism prevails in the Des Moines industrial market. A substantial amount of industrial space has recently been constructed. Sixty percent of absorbed space in 1987 was for use in warehousing and distribution. Most of the remaining absorption (35 percent) was for high-tech/research and development use.

New research and development space is in demand and construction is absorbed as space is completed. There is reported to be a substantial shortage of buildings with less than 5,000 square feet. In contrast, buildings with 5,000 to 60,000 square feet are oversupplied.

1988 FORECAST

SIOR panelists in Des Moines expect moderate declines in sales and lease prices of manufacturing, and warehouse and distribution properties in 1988. High tech construction and absorption will be up by one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME

Sales: Up 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	5%	35%
RATE OF NEW CONSTRUCTION ••	Down 6-10%	Same	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 1-5%	Same	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Same	Up 11-15%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.20	$1.10	$1.10	$0.70	$0.30	$0.25	$0.20
CENTRAL CITY	$1.35	$1.25	$1.25	$0.80	$0.30	$0.30	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$22.00	$22.00	$3.50	$350	$25.00	Substantial Shortage
5,000 to 19,999	$18.00	$18.00	$3.00	$300	$24.00	Moderate Oversupply
20,000 to 39,999	$17.00	$17.00	$2.50	$250	$22.00	Moderate Oversupply
40,000 to 59,999	$15.00	$15.00	$2.25	$225	$20.00	Substantial Oversupply
60,000 to 99,999	$14.00	$14.00	n/a	n/a	$17.50	Balanced Market
More Than 100,000	n/a	n/a	n/a	n/a	$17.50	Balanced Market
High Tech/R & D	n/a	n/a	$6.00	$5.50	$35.00	Balanced Market

DETROIT: INDUSTRIAL

Market Area: Detroit Metropolitan Area

DEMOGRAPHICS

POPULATION: 4,334,700
POPULATION GROWTH RATE: -0.7
EMPLOYMENT GROWTH RATE: 1.0%
UNEMPLOYMENT RATE: 7.3%
PER CAPITA INCOME: $12,897

MARKET DATA

TOTAL INVENTORY

Central City: 170,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY

Central City:15,000,000 sq.ft.(8.8%)
Suburban: 4,750,000 sq.ft.

NET ABSORPTION

Central City: 2,000,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION

Central City: 2,000,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

SIOR panelists in the Detroit area report that industrial activity is strongest in the northern suburbs along the I-75 corridor. Ninety percent of all automotive engineering is done in this area. Chrysler has a 600 acre research and development facility under construction with space allocated within the complex for outside suppliers. Several transportation equipment manufacturers have located their headquarters in this corridor.

Despite declining auto sales, sales and leasing activities are stable. Dollar volumes are up one to 10 percent compared to a year ago. However, there are moderate oversupplies of buildings in several SIOR building-size categories.

1988 FORECAST

Absorption will decline moderately in 1988. Construction of manufacturing and warehouse/distribution space will be up by one to five percent in the suburban areas. Sales and lease prices are expected to remain stable.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Down 1-5%
Leases : Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	30%	25%	45%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$3.00	$3.00	$2.50-$2.75	$2.50-$2.75	$1.50	$0.50-$0.60	$0.40-$0.60
CENTRAL CITY	$2.00	$1.50	$1.00	$1.00	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$10.00-$20.00	$38.00-$46.00	n/a	$5.50	$35.00-$37.00	Substantial Oversupply
5,000 to 19,999	$10.00-$20.00	$37.00-$42.00	n/a	$5.25	$32.00-$34.00	Substantial Oversupply
20,000 to 39,999	$4.00-$12.00	$32.00-$46.00	n/a	$5.00	$26.00-$32.00	Moderate Oversupply
40,000 to 59,999	$3.00-$12.00	$25.00-$35.00	n/a	$4.85	$25.00-$30.00	Moderate Oversupply
60,000 to 99,999	$5.00-$12.00	$20.00-$25.00	n/a	$4.50	$25.00-$28.00	Moderate Shortage
More Than 100,000	$3.00-$10.00	$18.00-$20.00	n/a	$3.50	$25.00	Moderate Shortage
High Tech/R & D	n/a	$60.00-$70.00	n/a	$8.50-$9.50	$50.00	Moderate Oversupply

EL PASO: INDUSTRIAL

Market Area: El Paso Metropolitan Area

DEMOGRAPHICS

POPULATION: 545,000
POPULATION GROWTH RATE: 2.4%
EMPLOYMENT GROWTH RATE: 3.1%
UNEMPLOYMENT RATE: 10.6%
PER CAPITA INCOME: $8,089

MARKET DATA

TOTAL INVENTORY

Central City: 20,785,888 sq. ft.
Suburban: n/a

VACANT INVENTORY

Central City: 2,076,000 sq.ft.(10%)
Suburban: n/a

NET ABSORPTION

Central City: 1,875,958 sq. ft.
Suburban: n/a

CURRENT CONSTRUCTION

Central City: 348,000 sq. ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

El Paso's retail economy, by virtue of its location on the Mexican border, has been hit hard by the devaluation of the Mexican peso. However, the 'maquila' industry -- goods assembled in Mexico that are headed for U.S. markets -- is booming.

Several Fortune 500 companies are taking advantage of wage rates that are averaging about $1.00 per hour in Mexico. El Paso is benefiting from an influx of support industries that supply the manufacturers across the border.

Ninety percent of industrial absorption in 1987 was for use in warehousing and distribution. Net absorption was over five times construction. The vacancy factor is currently about 10 percent.

1988 FORECAST

SIOR panelists in El Paso expect absorption of warehouse/distribution space and manufacturing space to increase 11 to 15 percent in 1988. Lease prices for these structure-types will increase by one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	90%	10%	0%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$3.00	$2.75	$2.50	$1.25-$2.50	$0.75	$0.50	$0.20

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00	n/a	$4.00	n/a	$22.50	Moderate Oversupply
5,000 to 19,999	$25.00	n/a	$3.00	n/a	$21.00	Balanced Market
20,000 to 39,999	$25.00	n/a	$2.85	n/a	$18.50	Balanced Market
40,000 to 59,999	$23.00	n/a	$2.50	n/a	$17.00	Balanced Market
60,000 to 99,999	$22.00	n/a	$2.50	n/a	$17.00	Moderate Shortage
More Than 100,000	$20.00	n/a	$2.00	n/a	$15.00	Balanced Market
High Tech/R & D	$32.00	n/a	n/a	n/a	$32.00	n/a

EVANSVILLE: INDUSTRIAL

Market Area: Evansville, Vanderburgh County

1987 REVIEW

Evansville is a relatively small market located in southern Indiana on the Ohio River. Like many other cities in the Midwest, Evansville has gone through the transition of declining manufacturing employment and slowly expanding nonmanufacturing employment.

Industrial construction was down six to 10 percent in 1987 compared to 1986. Dollar volumes were off six to 10 percent reflecting a general slowdown in activity from 1986.

The market for most SIOR building categories is balanced. There is currently a moderate shortage of small buildings with less than 5,000 square feet. Large properties with more than 100,000 square feet are moderately oversupplied.

1988 FORECAST

SIOR panelists in Evansville expect further declines in construction of manufacturing and warehousing/distribution space. Absorption will be down too, especially warehousing/distribution space which is expected to fall six to 10 percent.

DEMOGRAPHICS

POPULATION: 116,000
POPULATION GROWTH RATE: 0.4%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 6.3%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: n/a

VACANT INVENTORY

Central City: 505,000 sq. ft.
Suburban: 635,000 sq. ft.

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Down 6-10%
Leases: Down 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Down 6-10%	Down 6-10%	Down 6-10%
DOLLAR VOLUME - SALES ••	Down 6-10%	Down 6-10%	Down 6-10%
DOLLAR VOLUME - LEASES ••	Down 6-10%	Down 6-10%	Down 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.80-$2.00	$0.50-$1.50	$0.50-$1.00	$0.50-$1.00	$0.15-$0.35	$0.12-$0.35	$0.12-$0.35
CENTRAL CITY	$1.00-$2.00	$0.50-$1.50	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$12.00-$22.00	$16.00-$23.00	$2.75-$6.00	$2.75-$6.00	$19.00	Moderate Shortage
5,000 to 19,999	$12.00-$22.00	$14.00-$24.00	$3.25-$5.00	$3.25-$5.00	$17.00	Balanced Market
20,000 to 39,999	$14.00-$18.00	$14.00-$24.00	$3.25-$5.00	$3.25-$5.00	$15.00	Balanced Market
40,000 to 59,999	$14.00-$16.00	$12.00-$22.00	$2.50-$4.00	$2.50-$4.00	$14.00	Balanced Market
60,000 to 99,999	$14.00-$16.00	$10.00-$18.00	$2.50-$2.75	$2.50-$2.75	$14.00	Balanced Market
More Than 100,000	$10.00-$15.00	$10.00-$17.00	n/a	n/a	$13.00	Moderate Oversupply
High Tech/R & D	n/a	n/a	$6.00-$7.50	$6.00-$7.50	n/a	Balanced Market

FAIRFIELD–VACAVILLE: INDUSTRIAL

Market Area: Fairfield, Vacaville and Solano County

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 3,500,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 1,600,000 sq.ft.(45.7%)

NET ABSORPTION
Central City: n/a
Suburban: 824,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 581,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

Solano County is located northeast of San Francisco and Oakland. The county's industrial real estate market is growing rapidly because of the demand from firms who need warehouse and distribution facilities to service the Bay Area.

While the industrial vacancy rate is very high (45.7 percent), it does not relate how quickly this market area is developing. In fact, 1987 absorption of 824,000 square feet is over one-half of the current total vacant inventory. The sales/service market is growing and the highcube warehouse and distribution market is strong.

1988 FORECAST

SIOR panelists expect more activity in 1988 and see a trend towards larger deals. Construction will increase by six to 10 percent. Absorption of warehousing/distribution space will increase by 11 to 15 percent. Site prices will increase by one to five percent.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	20%	0%
RATE OF NEW CONSTRUCTION ••	Up 11-15%	Same	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$3.00	$2.75	$2.50	$2.50	$1.80	$1.00	$1.00
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$50.00	$0.36	$0.28	$25.00	Moderate Shortage
5,000 to 19,999	n/a	$50.00	$0.32	$0.32	$25.00	Moderate Shortage
20,000 to 39,999	n/a	n/a	$0.28	$0.16	$23.00	Moderate Oversupply
40,000 to 59,999	n/a	n/a	$0.26	$0.18	$22.00	Substantial Oversupply
60,000 to 99,999	n/a	n/a	$0.25	$0.18	$20.00	Substantial Oversupply
More Than 100,000	n/a	n/a	$0.24	$0.18	$19.00	Balanced Market
High Tech/R & D	n/a	n/a	n/a	n/a	$28.00	Moderate Oversupply

DEMOGRAPHICS

POPULATION: 1,125,000
POPULATION GROWTH RATE: 1.9%
EMPLOYMENT GROWTH RATE: 5.9%
UNEMPLOYMENT RATE: 4.1%
PER CAPITA INCOME: $14,821

MARKET DATA

TOTAL INVENTORY

Central City: 21,630,000 sq. ft.
Suburban: 9,270,000 sq. ft.

VACANT INVENTORY

Central City: 1,492,000 sq.ft.(6.9%)
Suburban: 750,000 sq.ft.(8.1%)

NET ABSORPTION

Central City: 800,000 sq.ft.
Suburban: 500,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 400,000 sq.ft.
Suburban: 700,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

FORT LAUDERDALE: INDUSTRIAL

Market Area: Fort Lauderdale, Coral Springs, Plantation, Sunrise, and unincorporated Broward County.

1987 REVIEW

The industrial market in the Fort Lauderdale area is moderately overbuilt. Moderate oversupplies are reported for most SIOR building categories. Construction activity and dollar volumes of sales and leases are down significantly compared to a year ago.

The Fort Lauderdale market currently has an inventory of approximately 31 million square feet. Vacancy rates range from 6.9 percent for centrally located properties to 8.1 percent for suburban properties. Net absorption of 1.3 million square feet outpaced construction by 200,000 square feet. SIOR panelists in the Fort Lauderdale area report that apprehension about the economy is affecting lateral and upward movement, hampering the leasing of vacant space.

1988 FORECAST

Construction will be slow again in 1988. Steady absorption will drop vacancy rates by one to 1.5 percent. Lease prices will rise by one to five percent as the market tightens up.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Down 11-15%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Down 6-10%
Leases : Down 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	20%	20%
RATE OF NEW CONSTRUCTION ••	Down 11-15%	Down 6-10%	Down 1-5%
DOLLAR VOLUME - SALES ••	Down 30%	Down 6-10%	Down 6-10%
DOLLAR VOLUME - LEASES ••	Down 11-15%	Down 6-10%	Down 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$4.00	$3.75	$3.50	$3.00	$3.50	$2.50	$1.50
CENTRAL CITY	$5.00	$4.00	$4.00	$3.50	$3.75	$2.75	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$37.00	$35.00	$4.85	$4.65	$27.00	Balanced Market
5,000 to 19,999	$36.00	$34.00	$4.75	$4.65	$24.00	Moderate Oversupply
20,000 to 39,999	$34.00	$32.00	$4.55	$4.45	$22.00	Moderate Oversupply
40,000 to 59,999	$32.00	$31.00	$4.40	$4.30	$20.00	Moderate Oversupply
60,000 to 99,999	$30.00	$29.00	$4.30	$4.20	$18.00	Moderate Oversupply
More Than 100,000	$27.00	$26.00	$4.20	$4.10	$16.00	Balanced Market
High Tech/R & D	$38.00	$40.00	$7.00	$7.00	$42.00	Moderate Oversupply

FORT SMITH, AR: INDUSTRIAL

Market Area: Fort Smith Metropolitan Area, Van Buren, Arkansas Industrial Park

1987 REVIEW

The Fort Smith area has enjoyed a growing, dynamic economy in recent years. Population growth averaged 8.1 percent annually between 1980 and 1986. There is currently less than a two year supply of industrial space. Absorption in 1987 totalled 350,000 square feet.

Three-quarters of total absorption was for use in warehousing and distribution. The other 25 percent was absorbed for manufacturing use. There is currently no space under construction that will be available for lease within 12 months.

1988 FORECAST

The economic outlook for the Fort Smith area remains very bright. SIOR panelists in Fort Smith expect construction and absorption to increase by six to 10 percent. Prices will increase one to five percent.

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: 8.1%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 6.2%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: n/a

VACANT INVENTORY

Central City: 350,000 sq.ft.
Suburban: 200,000 sq.ft.

NET ABSORPTION

Central City: 150,000 sq.ft.
Suburban: 200,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: n/a

CONSTRUCTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: n/a

DOLLAR VOLUME

Sales: Up 6-10%
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	25%	0%
RATE OF NEW CONSTRUCTION ••	Same	Same	n/a
DOLLAR VOLUME - SALES ••	Same	Same	n/a
DOLLAR VOLUME - LEASES ••	Down 1-5%	Down 1-5%	n/a

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.50	$1.25	$1.00	$0.80	$0.75	$0.60	$0.40
CENTRAL CITY	$.150	$1.25	$1.00	$0.80	$0.50	$0.40	$0.35

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$20.00	$22.00	$2.00	$2.50	$22.50	Moderate Oversupply
5,000 to 19,999	$17.50	$20.00	$1.75	$2.25	$20.00	Moderate Shortage
20,000 to 39,999	$15.00	$17.50	$1.75	$2.25	$17.50	Balanced Market
40,000 to 59,999	$13.75	$15.00	$1.50	$2.00	$16.50	Balanced Market
60,000 to 99,999	$13.75	$15.00	$1.50	$2.00	$16.50	Balanced Market
More Than 100,000	$12.50	$15.00	$1.25	$1.75	$16.50	Balanced Market
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	n/a

FORT WAYNE: INDUSTRIAL

Market Area: Fort Wayne Metropolitan Area

DEMOGRAPHICS

POPULATION: 351,000
POPULATION GROWTH RATE: -0.2%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.2%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: 2,600,000 sq.ft.

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 160,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

Fort Wayne has a population of about 350,000 and is located in northeastern Indiana near the Ohio border. SIOR panelists in the Fort Wayne area report a substantial shortage of small industrial buildings with less than 5,000 square feet. Similarly, moderate shortages are reported for all other building categories with less than 100,000 square feet.

The rate of construction for all three industrial property-types -- warehousing/distribution, manufacturing, and high tech - - is up six to 10 percent compared to a year ago.

1988 FORECAST

The Fort Wayne industrial market is expected to be very strong in 1988. Construction will be up one to five percent. Absorption will also be up, especially for warehouse and distribution space which is expected to increase six to 10 percent.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

LEASE PRICES
Manufacturing: up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - SALES ••	Up 11-15%	Same	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 11-15%	Same	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.75-$1.00	$0.60-$0.75	$0.55-$0.65	n/a	n/a	n/a	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$18.00-$22.00	n/a	n/a	$25.00-$36.00	Substantial Shortage
5,000 to 19,999	n/a	$15.00-$20.00	n/a	n/a	$22.00-$25.00	Moderate Shortage
20,000 to 39,999	n/a	$15.00-$20.00	n/a	n/a	$20.00-$23.00	Moderate Shortage
40,000 to 59,999	n/a	$14.00-$20.00	n/a	n/a	$19.00-$21.00	Moderate Shortage
60,000 to 99,999	n/a	$10.00-$16.00	n/a	n/a	$15.00-$21.00	Moderate Shortage
More Than 100,000	n/a	$9.00-$13.00	n/a	n/a	$13.00-$19.00	n/a
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	n/a

DEMOGRAPHICS

POPULATION: 580,000
POPULATION GROWTH RATE: 2.3%
EMPLOYMENT GROWTH RATE: 2.5%
UNEMPLOYMENT RATE: 11.2%
PER CAPITA INCOME: $10,542

MARKET DATA

TOTAL INVENTORY
Central City: 27,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 1,500,000 sq.ft.(5.6%)
Suburban: n/a

NET ABSORPTION
Central City: 500,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 400,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

FRESNO: INDUSTRIAL

Market Area: Fresno Metropolitan Area

1987 REVIEW

Fresno is located midway between the San Francisco Bay Area and Southern California. Its strategic location has made it a popular location for the production and warehousing of goods for the large and growing Central California market.

The total industrial inventory in the greater Fresno area is approximately 27 million square feet. The area currently has a vacancy factor of 5.6 percent. Net absorption in 1987 equalled 500,000 square feet. In 1987 400,000 square feet of new space came onto the market, primarily in the area along Freeway 99.

1988 FORECAST

SIOR panelists in the Fresno area expect absorption of warehouse and distribution space to increase six to 10 percent in 1988. Lease prices will decline in response to moderate oversupplies in several building categories.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution:Down 6-10%
High Tech/R & D: Same

ABSORPTION
Manufacturing: up 1-5%
Warehouse/Distribution:Up 6-10%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution:Down 6-10%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	30%	10%
RATE OF NEW CONSTRUCTION ••	Up 11-15%	Up 6-10%	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 6-10%	Same	Same
DOLLAR VOLUME - LEASES ••	Up 1-5%	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.50	$1.25	$1.00	$1.00	$1.00	$0.50	$0.25
CENTRAL CITY	$2.00	$1.80	$1.50	$1.25	$1.50	$1.00	$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$35.00	n/a	$4.32	n/a	$30.00	Moderate Oversupply
5,000 to 19,999	$30.00	$20.00	$3.84	$2.40	$25.00	Balanced Market
20,000 to 39,999	$20.00	$18.00	$2.88	$2.40	$20.00	Balanced Market
40,000 to 59,999	$20.00	$17.00	$2.40	$2.20	$18.00	Moderate Oversupply
60,000 to 99,999	$18.00	$15.00	$2.28	$1.92	$15.00	Substantial Oversupply
More Than 100,000	$17.00	$14.00	$2.16	$1.92	$12.00	Moderate Oversupply
High Tech/R & D	$35.00	n/a	$4.20	$3.00	$32.00	Moderate Shortage

GARY–HAMMOND–EAST CHICAGO: INDUSTRIAL

Market Area: Gary, Hammond, East Chicago, Lake, Porter, and La Porte Counties

DEMOGRAPHICS

POPULATION: 622,000
POPULATION GROWTH RATE: -0.6%
EMPLOYMENT GROWTH RATE: -0.8%
UNEMPLOYMENT RATE: 7.4%
PER CAPITA INCOME: $10,952

MARKET DATA

TOTAL INVENTORY

Central City: 12,500,000 sq.ft.
Suburban: 7,500,000 sq.ft.

VACANT INVENTORY

Central City: 4,400,000 sq.ft.(35%)
Suburban: 2,300,000 sq.ft.(30%)

NET ABSORPTION

Central City: 100,000 sq.t.
Suburban: 200,000 sq.ft.

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

The Calumet Region of Lake, Porter and LaPorte Counties in Northwest Indiana remains closely identified with heavy manufacturing. Steel production is still the primary activity in the area. Demand remains strongest for high bay crane space for companies which either buy steel from local mills or provide a mill-related service.

A high percentage of available space is located in large mill- type buildings which are being purchased by developers and converted into multitenant space. There is emerging evidence of foreign interest in existing buildings from companies serving the automobile industry.

1988 FORECAST

SIOR panelists in the Gary/Hammond/East Chicago area expect generally stable market conditions in 1988. Absorption and construction will be up by one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up Same

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	30%	70%	0%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Up 1-5%	Up 1-5%	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.80-$1.10	$0.80-$1.10	$0.80-$1.10	$0.80-$1.10	$0.25-$0.35	$0.20-$0.25	$0.20
CENTRAL CITY	$0.50-$0.70	$0.40-$0.60	$0.40-$0.60	$0.35-$0.50	$0.20-$0.25	$0.15-$0.20	$0.15

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$20.00-$25.00	$20.00-$30.00	$2.50-$3.00	$3.50-$3.75	$35.00	Moderate Shortage
5,000 to 19,999	$15.00-$20.00	$20.00-$25.00	$2.25-$2.50	$2.75-$3.00	$30.00-$35.00	Balanced Market
20,000 to 39,999	$10.00-$15.00	$15.00-$20.00	$2.00-$2.25	$2.50-$2.75	$30.00-$35.00	Moderate Oversupply
40,000 to 59,999	$8.00-$10.00	$10.00-$20.00	$1.75-$2.00	$2.25-$2.50	$25.00-$30.00	Moderate Oversupply
60,000 to 99,999	$5.00-$10.00	$10.00-$15.00	$1.50-$1.75	$2.00-$2.25	$25.00-$30.00	Moderate Oversupply
More Than 100,000	$4.00-$8.00	$5.00-$10.00	$1.25-$1.50	$1.50-$2.00	$25.00-$30.00	Substantial Oversupply
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	n/a

GRAND RAPIDS: INDUSTRIAL

Market Area: Grand Rapids Metropolitan Area including Kent and Ottawa Counties

1987 REVIEW

The Grand Rapids market area is one of two growth areas in Michigan. It has a much more diverse economic base than other auto-dependent cities in Michigan. Employment growth between 1975 and 1985 averaged three percent annually with manufacturing employment growing 3.5 percent annually.

The industrial inventory totals approximately 56 million square feet. The area vacancy factor is currently 5.6 percent. Moderate shortages are reported for buildings with more than 20,000 square feet. Net absorption equalled 1.25 million square feet in 1987 with 50 percent leased for warehousing/distribution use and 45 percent for manufacturing use.

1988 FORECAST

SIOR panelists in the Grand Rapids market expect construction of all types of industrial properties to increase six to 10 percent in 1988. Prices are stable and absorption will be the same as in 1987.

DEMOGRAPHICS

POPULATION: 635,000
POPULATION GROWTH RATE: 1.0%
EMPLOYMENT GROWTH RATE: 3.0%
UNEMPLOYMENT RATE: 5.4%
PER CAPITA INCOME: $11,456

MARKET DATA

TOTAL INVENTORY

Central City and Suburban: 56,000,000 sq.ft.

VACANT INVENTORY

Central City and Suburban: 3,000,000 sq.ft. (5.6%)

NET ABSORPTION

Central City and Suburban: 1,250,000 sq.ft.

CURRENT CONSTRUCTION

Central City and Suburban: 900,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

n/a

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	45%	5%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 6-10%	Same
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.00-$1.20	$1.00-$1.20	$0.75-$1.00	$0.45-$0.65	$0.34-$0.85	$0.15-$0.35	$0.09-$0.14
CENTRAL CITY	$1.00-$1.50	$1.00-$1.25	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00-$35.00	$25.00-$35.00	$3.50-$4.00	$3.50-$4.00	$25.00-$30.00	Balanced Market
5,000 to 19,999	$20.00-$35.00	$20.00-$35.00	$3.25-$4.00	$3.25-$4.00	$20.00-$25.00	Balanced Market
20,000 to 39,999	$18.00-$24.00	$18.00-$24.00	$2.25-$3.50	$2.50-$3.50	$18.00-$22.00	Moderate Shortage
40,000 to 59,999	$16.00-$24.00	$16.00-$24.00	$2.25-$3.25	$2.25-$3.25	$18.00-$22.00	Moderate Shortage
60,000 to 99,999	$16.00-$22.00	$16.00-$22.00	$2.25-$3.25	$2.25-$3.25	$15.00-$19.00	Moderate Shortage
More Than 100,000	$15.00-$22.00	$15.00-$22.00	$2.00-$2.25	$2.00-$2.25	$15.00-$19.00	Moderate Shortage
High Tech/R & D	$24.00-$40.00	$24.00-$40.00	n/a	n/a	$30.00-$50.00	Moderate Oversupply

GREENSBORO: INDUSTRIAL

Market Area: Greensboro, Guilford, Alamance, Randolph Counties

DEMOGRAPHICS

POPULATION: 893,000
POPULATION GROWTH RATE: 0.9%
EMPLOYMENT GROWTH RATE: 2.8%
UNEMPLOYMENT RATE: 3.4%
PER CAPITA INCOME: $11,577

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1987 REVIEW

Greensboro has managed to achieve moderate growth in recent years despite having a manufacturing-based economy during a period of time when manufacturing employment in many U.S. cities was declining. In 1987, over one-half of industrial absorption was for use in warehousing and distribution. An additional 35 percent was absorbed by high technology users.

The market is currently in overall balance. Moderate oversupplies are reported for buildings with between 20,000 and 40,000 square feet and high technology properties.

1988 FORECAST

Continued modest growth is anticipated for 1988. Absorption of warehouse/distribution space will increase by six to 10 percent and absorption of high-tech space will be up one to five percent. Lease and sales prices will rise by one to five percent.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	55%	10%	35%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Same	Down 6-10%	Down 6-10%
DOLLAR VOLUME - LEASES ••	Down 6-10%	Down 6-10%	Down 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.25	$1.15	$1.05	$0.95	$0.90	$0.70	n/a
CENTRAL CITY	$1.25	$1.15	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$25.00	n/a	$4.00	$23.00	Balanced Market
5,000 to 19,999	n/a	$20.00	n/a	$3.25	$21.00	Balanced Market
20,000 to 39,999	n/a	$19.00	n/a	$2.75	$19.50	Moderate Oversupply
40,000 to 59,999	n/a	$18.00	n/a	$2.50	$18.00	Balanced Market
60,000 to 99,999	n/a	$17.00	n/a	$2.25	$17.50	n/a
More Than 100,000	n/a	$16.00	n/a	$2.15	$16.00	n/a
High Tech/R & D	n/a	$37.00	n/a	$5.00	$33.00	Moderate Oversupply

GREENVILLE: INDUSTRIAL

Market Area: Greenville and Greenville County

DEMOGRAPHICS

POPULATION: 600,000
POPULATION GROWTH RATE: 1.0%
EMPLOYMENT GROWTH RATE: 2.5%
UNEMPLOYMENT RATE: 3.5%
PER CAPITA INCOME: $10,368

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 20,000,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 450,000 sq.ft.(2.3%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

The Greenville economy has managed to grow at a modest pace with employment increasing 2.5 percent annually during the 10 year period between 1975 and 1985. The two largest employment industries are construction and textiles.

The industrial market is stable. In 1987, warehouse/distribution space accounted for 60 percent of absorption and manufacturing accounted for 30 percent. Generally the market is balanced for buildings in five of the seven SIOR building-size categories. There is a moderate shortage of properties with between 40,000 and 60,000 square feet.

1988 FORECAST

SIOR panelists in the Greenville market area expect stable market conditions in 1988. The overall economy will continue to grow at a modest rate.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases : Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	30%	10%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.30-$1.50	$1.00-$2.00	$1.00-$.150	$0.75-$1.00	$0.45	$0.40	$0.30
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$18.00-$25.00	n/a	$3.50	$25.00	Moderate Oversupply
5,000 to 19,999	n/a	$18.00-$22.00	n/a	$2.75	$21.00	Balanced Market
20,000 to 39,999	n/a	$15.00-$17.00	n/a	$2.50	$18.00	Balanced Market
40,000 to 59,999	n/a	$15.00-$17.00	n/a	$2.40	$17.00	Moderate Shortage
60,000 to 99,999	n/a	$12.00-$15.00	n/a	$2.25	$15.00	Balanced Market
More Than 100,000	n/a	$30.00-$40.00	n/a	$6.00	$15.00	Balanced Market
High Tech/R & D	n/a	n/a	n/a	n/a	$35.00	Balanced Market

HARTFORD: INDUSTRIAL

Market Area: Hartford, Avon, Bloomfield, East Granby, East Hartford, Enfield, East Windsor, Farmington, Glastonbury, Manchester, New Britain, Newington, Rocky Hill, Simsbury, South Windsor, Suffield, Wethersfield, Windsor and Windsor Locks

DEMOGRAPHICS

POPULATION: 1,035,000
POPULATION GROWTH RATE: 0.4%
EMPLOYMENT GROWTH RATE: 2.6%
UNEMPLOYMENT RATE: 3.0%
PER CAPITA INCOME: $14,727

MARKET DATA

TOTAL INVENTORY

Central City: 3,571,844 sq.ft.
Suburban: 42,665,419 sq.ft.

VACANT INVENTORY

Central City: 300,045 sq.ft.(8.4%)
Suburban: 2,286,871 sq.ft.(5.4%)

NET ABSORPTION

Central City: -106,143 sq.ft.
Suburban: 549,123 sq.ft.

CURRENT CONSTRUCTION

Central City: 40,800 sq.ft.
Suburban: 1,075,776 sq.ft.

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Hartford has experienced very strong growth in recent years. Well known for its large insurance companies, Hartford also has a significant manufacturing base including aircraft engine manufacturer Pratt & Whitney.

The industrial real estate market continued to thrive in 1987 with strong demand for space. The Hartford market currently has over 46 million square feet of space with 42.6 million square feet located in suburban areas. The suburban vacancy rate is 5.4 percent.

Over half a million square feet of suburban space was absorbed in 1987 and over one million square feet of new space will be available within 12 months.

1988 FORECAST

SIOR panelists in the Hartford area expect another banner year in 1988. Manufacturing construction will increase by six to 10 percent. Absorption of all types of space will be up by one to five percent. Sales and lease prices will be up by one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Up 6-10%
Warehouse/Distribution: n/a
High Tech/R & D: Up 1-5%

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	52%	38%	10%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 1-5%	Down 1-5%
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.95	$1.50	$1.38	$1.15	$1.15	$0.92	$0.68
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$50.00	$50.00	$7.00	$6.00	$46.00	Moderate Shortage
5,000 to 19,999	$40.00	$40.00	$6.30	$5.50	$44.00	Moderate Shortage
20,000 to 39,999	$35.00	$35.00	$5.50	$5.00	$42.00	Substantial Shortage
40,000 to 59,999	$30.00	$30.00	$5.50	$4.75	$42.00	Substantial Shortage
60,000 to 99,999	$28.00	$28.00	$5.50	$4.50	$40.00	Substantial Shortage
More Than 100,000	$25.00	$25.00	$5.50	$4.00	$36.00	Moderate Oversupply
High Tech/R & D	$60.00	$60.00	n/a	$11.50	$45.00	Moderate Oversupply

HOUSTON: INDUSTRIAL

Market Area: Houston and Harris County

DEMOGRAPHICS

POPULATION: 3,222,000
POPULATION GROWTH RATE: 3.1%
EMPLOYMENT GROWTH RATE: 4.1%
UNEMPLOYMENT RATE: 8.0%
PER CAPITA INCOME: $13,428

MARKET DATA

TOTAL INVENTORY

Central City: 85,000,000 sq.ft.
Suburban: 125,000,000 sq.ft.

VACANT INVENTORY

Central City: 14,450,000 sq.ft.(17%)
Suburban: 25,000,000 sq.ft.(20%)

NET ABSORPTION

Central City: -4,000,000 sq.ft.
Suburban: 3,000,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY

Tight

PRIME SOURCE OF FINANCING

Owner Financing

1987 REVIEW

Houston's economy has not bounced back from the slump that propelled it into the national limelight. There are signs that the area's economy is improving but it still has a long way to go. There are some promising growth sectors that will improve conditions in 1988 such as computer equipment manufacturing. Compaq Computer Corp. is one of the fastest growing high-tech companies in the U.S.

The industrial market is mired in overcapacity. Nearly 19 percent of the 210 million square foot inventory is currently vacant. Every SIOR building category is reported to be oversupplied. Rental rates and purchase prices are very attractive to potential investors.

1988 FORECAST

The worst is over and 1988 is expected to be a year of recovery. Absorption of manufacturing and high tech space will be up 11 to 15 percent. Sales and lease prices will increase in all building categories.

OUTLOOK

SALES PRICES

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

ABSORPTION

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 11-15%

CONSTRUCTION

Manufacturing: up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: n/a
Leases: n/a

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	15%	10%
RATE OF NEW CONSTRUCTION ••	Down 6-10%	Down 11-15%	Down 11-15%
DOLLAR VOLUME - SALES ••	Down 11-15%	Down 11-15%	Down 11-15%
DOLLAR VOLUME - LEASES ••	Down 6-10%	Down 6-10%	Down 11-15%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.00-$5.00	$2.00-$5.00	$1.00-$4.00	$1.00-$4.00	$0.50-$2.50	$0.30-$2.00	$0.10-$1.00
CENTRAL CITY	$3.00-$6.00	$2.50-$6.00	$2.00-$5.00	$1.50-$5.00	$2.00-$5.00	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are ***GROSS*** prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$30.00-$40.00	$15.00-$45.00	$2.00-$4.00	$2.00-$4.00	$29.00-$30.00	Moderate Oversupply
5,000 to 19,999	$25.00-$35.00	$20.00-$30.00	$2.20-$4.00	$2.20-$4.00	$27.00-$28.00	Substantial Oversupply
20,000 to 39,999	$20.00-$30.00	$15.00-$35.00	$2.00-$3.25	$2.00-$3.25	$19.00-$21.00	Substantial Oversupply
40,000 to 59,999	$15.00-$30.00	$15.00-$30.00	$1.50-$3.00	$1.50-$3.00	$17.00-$18.00	Moderate Oversupply
60,000 to 99,999	$10.00-$22.00	$15.00-$25.00	$1.25-$2.50	$1.50-$2.50	$17.00-$18.00	Moderate Oversupply
More Than 100,000	$10.00-$15.00	$12.00-$20.00	$1.00-$2.00	$1.85-$2.00	$14.00-$16.00	Moderate Oversupply
High Tech/R & D	$10.00-$25.00	$25.00-$50.00	$3.50-$7.50	$3.50-$7.50	$25.00-$35.00	Moderate Oversupply

INDIANAPOLIS: INDUSTRIAL

Market Area: Indianapolis and Marion County

DEMOGRAPHICS

POPULATION: 1,203,000
POPULATION GROWTH RATE: 0.6%
EMPLOYMENT GROWTH RATE: 1.6%
UNEMPLOYMENT RATE: 5.0%
PER CAPITA INCOME: $12,019

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: 130,000,000 sq.ft.

VACANT INVENTORY

Central City: n/a
Suburban: 9,994,660 sq.ft.(7.6%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Indianapolis is the capital of Indiana and is strategically located in the center of the state. The city has a traditional Midwest city concentration of heavy manufacturing with significant employment in the transportation equipment and electrical machinery industries.

In 1987, industrial absorption reflected this manufacturing base with 57 percent of industrial absorption for use in manufacturing. The vacancy rate for suburban industrial space is currently 7.6 percent. Moderate shortages are reported for buildings with more than 60,000 square feet.

1988 FORECAST

SIOR panelists in Indianapolis expect general stability in 1988. Construction, absorption, and sales prices will all be the same as in 1987. Effective lease prices will decrease by one to five percent. Site prices will rise by one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	39%	57%	4%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Up 1-5%	Up 1-5%	Same
DOLLAR VOLUME - LEASES ••	Down 1-5%	Same	Down 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.80-$1.50	$0.50-$1.50	$0.50-$1.10	$0.50-$1.00	$0.35	$0.15-$0.25	$0.10-$0.15
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are ***GROSS*** prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$18.00-$25.00	$18.00-$29.00	n/a	$4.25-$5.00	$18.00-$22.00	Balanced Market
5,000 to 19,999	$12.00-$22.00	$16.00-$24.00	n/a	$4.00-$4.50	$17.00-$20.00	Balanced Market
20,000 to 39,999	$15.00-$18.00	$15.00-$24.00	n/a	$3.35-$4.50	$15.00-$17.00	Balanced Market
40,000 to 59,999	$12.00-$15.00	$13.00-$22.00	n/a	$2.75-$3.45	$14.00-$16.00	Balanced Market
60,000 to 99,999	$12.00-$15.00	$12.00-$19.00	n/a	$2.75-$3.45	$14.00-$16.00	Moderate Shortage
More Than 100,000	$10.00-$12.00	$12.00-$21.00	n/a	$2.75-$3.45	$13.00-$15.00	Moderate Shortage
High Tech/R & D	n/a	n/a	n/a	$5.50-$9.50	$25.00-$40.00	Balanced Market

JACKSON, MS: INDUSTRIAL

Market Area: Jackson Metropolitan Area

DEMOGRAPHICS

POPULATION: 385,000
POPULATION GROWTH RATE: 1.2%
EMPLOYMENT GROWTH RATE: 2.7%
UNEMPLOYMENT RATE: 6.6%
PER CAPITA INCOME: $10,089

MARKET DATA

TOTAL INVENTORY

Central City and Suburban: 8,100,000 sq.ft.

VACANT INVENTORY

Cent. City and Suburban: 2,050,000 sq.ft.(25.3%)

NET ABSORPTION

Central City and Suburban: 400,000 sq.ft.

CURRENT CONSTRUCTION

Central City and Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Jackson is much different from most cities in Mississippi in that manufacturing employment is a much less prominent component of the local economy. Only 12 percent of all jobs in Jackson are manufacturing jobs.

The industrial market has benefited from an overall healthy economy as slow, steady growth and absorption have remained generally constant in recent years. Vacancies are relatively high but no new space was added to the inventory in 1987 so rates will decline as space is absorbed. Moderate oversupplies exist for buildings with 40,000 square feet or more. Buildings with less than 20,000 square feet are in moderately short supply.

1988 FORECAST

SIOR panelists in Jackson expect absorption of warehouse/distribution and high-tech space to increase moderately in 1988. Lease and sales prices will be up by one to five percent pushing dollar volumes up too.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	30%	0%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Up 1-5%	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$1.00-$1.50	$0.75-$1.25	$0.50-$0.75	$0.50-$0.75	$0.23	$0.17	$0.11

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$20.00-$25.00	n/a	$2.50-$3.00	n/a	$22.50	Moderate Shortage
5,000 to 19,999	$15.00-$20.00	n/a	$2.00-$3.00	n/a	$20.00	Moderate Shortage
20,000 to 39,999	$12.00-$16.00	n/a	$2.00-$2.50	n/a	$17.50	Balanced Market
40,000 to 59,999	$10.00-$15.00	n/a	$1.75-$2.25	n/a	$16.00	Moderate Oversupply
60,000 to 99,999	$10.00-$15.00	n/a	$1.75-$2.25	n/a	$16.00	Moderate Oversupply
More Than 100,000	$10.00-$15.00	n/a	$1.50-$2.25	n/a	$16.00	Moderate Oversupply
High Tech/R & D	$30.00-$40.00	n/a	$4.00-$6.00	n/a	$40.00	Balanced Market

JACKSONVILLE: INDUSTRIAL

Market Area: Jacksonville Metropolitan Area

DEMOGRAPHICS

POPULATION: 823,000
POPULATION GROWTH RATE: 2.5%
EMPLOYMENT GROWTH RATE: 3.6%
UNEMPLOYMENT RATE: 5.2%
PER CAPITA INCOME: $11,255

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: 19,000,000 sq.ft.

VACANT INVENTORY

Central City: n/a
Suburban: 1,700,000 sq.ft.(9.0%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Tight

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Jacksonville's employment base grew by a respectable 3.6 percent annually between 1975 and 1985. Manufacturing employment grew by 2.4 percent during the same period led by gains in the printing and publishing industries.

Currently the industrial market is experiencing some weakness. SIOR panelists in the Jacksonville area report a slowdown in activity starting about mid-1987. Dollar volumes of sales and leases were off by 20 to 25 percent in 1987. Moderate and substantial oversupplies exist for every SIOR building category.

1988 FORECAST

SIOR panelists expect another slow year in 1988. Construction of warehouse/distribution and manufacturing space will decline by 11 to 15 percent and absorption will decline by six to 10 percent. High-tech absorption and construction will also be off significantly.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

CONSTRUCTION

Manufacturing: Down 11-15%
Warehouse/Distribution: Down 11-15%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME

Sales: Down 6-10%
Leases: Down 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	20%	5%
RATE OF NEW CONSTRUCTION ••	Down 11-15%	Down 1-5%	Down 6-10%
DOLLAR VOLUME - SALES ••	Down 25%	Down 25%	Down 25%
DOLLAR VOLUME - LEASES ••	Down 20-25%	Down 20-25%	Down 20-25%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.00-$4.00	$1.00-$4.50	$0.80-$4.00	$0.80-$4.00	$0.40	$0.25-$0.75	$0.20-$0.40
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$16.00-$30.00	n/a	$3.50-$5.50	$20.00-$35.00	Moderate Oversupply
5,000 to 19,999	n/a	$14.00-$25.00	n/a	$3.00-$5.25	$20.00-$30.00	Moderate Oversupply
20,000 to 39,999	n/a	$14.00-$25.00	n/a	$3.00-$4.75	$16.00-$20.00	Moderate Oversupply
40,000 to 59,999	n/a	$14.00-$25.00	n/a	$2.75-$4.50	$16.00-$20.00	Moderate Oversupply
60,000 to 99,999	n/a	$14.00-$22.00	n/a	$2.50-$4.00	$15.00-$18.00	Substantial Oversupply
More Than 100,000	n/a	$14.00-$20.00	n/a	$2.25-$3.75	$15.00-$18.00	Substantial Oversupply
High Tech/R & D	n/a	$20.00-$30.00	n/a	$7.50-$10.00	$18.00-$22.00	Substantial Oversupply

KANSAS CITY: INDUSTRIAL

Market Area: Kansas City, Missouri and Kansas City, Kansas including six surrounding counties

DEMOGRAPHICS

POPULATION: 1,494,000
POPULATION GROWTH RATE: 0.8%
EMPLOYMENT GROWTH RATE: 2.4%
UNEMPLOYMENT RATE: 5.3%
PER CAPITA INCOME: $12,783

MARKET DATA

TOTAL INVENTORY

Central City: 90,500,000 sq.ft.
Suburban: 67,500,000 sq.ft.

VACANT INVENTORY

Central City: 5,500,000 sq.ft.(6.1%)
Suburban: 5,500,000 sq.ft.(8.2%)

NET ABSORPTION

Central City: -925,000 sq.ft.
Suburban: 800,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 75,000 sq.ft.
Suburban: 1,500,000 sq.ft.

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

Kansas City's location in the very center of the continental U.S. makes it an attractive location for industrial activity, especially warehousing and distribution. The area's industrial inventory totals approximately 158 million square feet of space. Vacancy rates range from 6.1 percent for central city space to 8.2 percent for suburban space.

Overall net absorption was slightly negative in 1987 as positive suburban absorption of 800,000 square feet was less than negative central city absorption of 925,000 square feet. New construction is primarily located in the suburban areas where 1,500,000 square feet will be available within 12 months.

1988 FORECAST

Although demand and absorption in 1987 were down from a year earlier, levels will rebound in 1988 and increase by one to five percent. The rate of construction will decline modestly, reflecting the slight oversupply of industrial space in some parts of the market area.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME

Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	10%	15%
RATE OF NEW CONSTRUCTION ••	Down 6-10%	Down 6-10%	Down 1-5%
DOLLAR VOLUME - SALES ••	Up 1-5%	Same	Down 6-10%
DOLLAR VOLUME - LEASES ••	Up 1-5%	Same	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.75	$2.00	$1.75	$1.50	$1.00	$0.25-$1.00	$0.25-$1.00
CENTRAL CITY	$2.50	$2.00	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$35.00-$45.00	$3.75	$5.50-$6.50	$50.00	Moderate Oversupply
5,000 to 19,999	$15.00-$20.00	$35.00-$45.00	$3.00	$3.50-$4.50	$38.00	Balanced Market
20,000 to 39,999	$14.00-$20.00	$30.00-$35.00	$2.25	$3.00-$4.00	$30.00	Balanced Market
40,000 to 59,999	$14.00-$16.00	$30.00-$35.00	$1.75-$2.00	$2.75-$3.50	$25.00	Moderate Shortage
60,000 to 99,999	$15.00	$20.00-$25.00	$1.75-$2.00	$2.75-$3.50	$24.00	Moderate Shortage
More Than 100,000	$10.00-$12.00	$19.00-$22.00	$1.75-$2.00	$2.75-$3.50	$22.00	Balanced Market
High Tech/R & D	n/a	$50.00-$60.00	n/a	$7.00-$9.00	$50.00	Moderate Oversupply

DEMOGRAPHICS

POPULATION: 369,000
POPULATION GROWTH RATE: 2.6%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 8.1%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 2,000,000 sq.ft.
Suburban: 9,000,000 sq.ft.

VACANT INVENTORY
Central City: 80,000 sq.ft.(4.0%)
Suburban: 900,000 sq.ft.(10.0%)

NET ABSORPTION
Central City: 300,000 sq.ft.
Suburban: 400,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 200,000 sq.ft.
Suburban: 800,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

LAKELAND: INDUSTRIAL

Market Area: Lakeland, Kathleen, Medulla, Eaton Park and Gibsonia

1987 REVIEW

SIOR panelists in Lakeland report that 1987 was the best year ever for industrial real estate. There has been heavy demand by distribution and service-related firms. Lakeland is benefiting from its central location within the state of Florida and is filling a gap between Tampa and Orlando along Interstate 4.

The local economy is very strong and the area's population is growing rapidly. The local government is actively pro-growth with some incentives offered for projects which create jobs.

1988 FORECAST

SIOR panelists expect 1988 to be another year of significant growth. Construction and absorption of warehouse/distribution space will be up 11 to 15 percent. Trammel Crow, Cadillac-Fairview, and Hooker-Barnes are all in the market with site acquisition and construction. Site prices will increase six to 10 percent.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	15%	5%
RATE OF NEW CONSTRUCTION ••	Up 11-15%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 11-15%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 11-15%	Up 6-10%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.75	$1.50	$1.00	$0.80	$1.00	$0.70	$0.50
CENTRAL CITY	$2.50	$2.00	$1.75	$1.10	$1.20	$1.00	$0.90

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$24.00	$24.00	$5.00	$5.00	$21.00	Moderate Shortage
5,000 to 19,999	$21.00	$21.00	$4.25	$4.00	$19.00	Balanced Market
20,000 to 39,999	$20.00	$19.00	$3.75	$3.50	$18.00	Balanced Market
40,000 to 59,999	$16.00	$15.00	$3.50	$3.00	$14.00	Balanced Market
60,000 to 99,999	$18.00	$14.00	$3.25	$2.75	$13.00	Moderate Oversupply
More Than 100,000	$13.00	$12.00	$3.00	$2.50	$12.00	Moderate Oversupply
High Tech/R & D	$35.00	$32.00	$5.25	$4.75	$32.00	Moderate Shortage

LANSING: INDUSTRIAL

Market Area: Lansing, East Lansing, Okemos, Holt, Waverly and Williamston

1987 REVIEW

SIOR panelists in Lansing report that the local economy is strong. Most industrial market indicators are unchanged from one year ago. Inventory and price information was not available.

Industrial property demand is principally for warehousing space. General warehouse space seems to be able, for the most part, to satisfy most needs in this market. Substantial shortages are reported for buildings with more than 60,000 square feet and high-tech space. Moderate shortages are reported for buildings with less than 20,000 square feet and buildings with between 40,000 and 60,000 square feet.

1988 FORECAST

SIOR panelists expect stable market conditions for 1988 with levels of construction, absorption, and prices all the same as they were in 1987. Dollar volumes will be off six to 10 percent.

DEMOGRAPHICS

POPULATION: 416,000
POPULATION GROWTH RATE: -0.1%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.8%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: n/a

VACANT INVENTORY

Central City: n/a
Suburban: n/a

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Down 6-10%
Leases: Down 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	n/a	n/a	n/a	n/a	Moderate Shortage
5,000 to 19,999	n/a	n/a	n/a	n/a	n/a	Moderate Shortage
20,000 to 39,999	n/a	n/a	n/a	n/a	n/a	Balanced Market
40,000 to 59,999	n/a	n/a	n/a	n/a	n/a	Moderate Shortage
60,000 to 99,999	n/a	n/a	n/a	n/a	n/a	Substantial Shortage
More Than 100,000	n/a	n/a	n/a	n/a	n/a	Substantial Shortage
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	Substantial Shortage

LITTLE ROCK: INDUSTRIAL

Market Area: Little Rock, North Little Rock, and Pulaski County, Arkansas

DEMOGRAPHICS

POPULATION: 499,000
POPULATION GROWTH RATE: 0.9%
EMPLOYMENT GROWTH RATE: 2.4%
UNEMPLOYMENT RATE: 6.6%
PER CAPITA INCOME: $10,924

MARKET DATA

TOTAL INVENTORY
Central City: 2,500,000 sq.ft.
Suburban: 6,500,000 sq.ft.

VACANT INVENTORY
Central City: 800,000 sq.ft.(32.0%)
Suburban: 2,000,000 sq.ft.(30.8%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 50,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

Little Rock's economy remains heavily dependent on its manufacturing base. The area's major employers are firms in the electrical machinery, fabricated metals, chemicals, and printing and publishing industries. Forty-five percent of industrial absorption in 1987 was for use in manufacturing.

In 1987, vacancy rates in the Little Rock industrial market reached 30 percent which is very high compared to other cities in the region. Moderate oversupplies are reported for buildings with between 5,000 square feet and 100,000 square feet.

1988 FORECAST

SIOR panelists in Little Rock expect a relatively stable market in 1988. Absorption, construction, sales, lease, and site prices should all increase by one to five percent.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	45%	5%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.85	$0.50	$0.40	$0.35	$0.20	$0.15	$0.15
CENTRAL CITY	$1.10	$0.95	$0.75	$0.70	$0.45	$0.23	$0.20

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00	$23.00	$3.25	$3.15	$22.50	Moderate Shortage
5,000 to 19,999	$17.50	$16.50	$2.85	$2.75	$21.00	Moderate Oversupply
20,000 to 39,999	$16.50	$15.00	$2.75	$2.70	$20.00	Moderate Oversupply
40,000 to 59,999	$16.00	$15.50	$2.65	$2.60	$19.50	Moderate Oversupply
60,000 to 99,999	$15.50	$15.00	$2.60	$2.50	$19.50	Moderate Oversupply
More Than 100,000	$15.50	$15.00	$2.50	$2.25	$19.50	Balanced Market
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	Balanced Market

LOS ANGELES METROPOLITAN AREA

Los Angeles Industrial Markets

The Los Angeles market area almost defies description. It encompasses an enormous area of Southern California and is currently in a period of remarkable change.

The area's populaton is approximately 12.7 million and growing at an average annual rate of two percent. The pace of growth has made the area famous for traffic congestion and its cost of housing. Still, Los Angeles has such a rich diversity of social and cultural resources to go along with its appealing climate that it remains an attractive place to live.

The Los Angeles economy is naturally quite diverse with a significant manufacturing employment base in defense-related industries and durable goods manufacturing. Non-manufacturing employment is high in wholesale and retail trade, business services, and financial services.

High growth sectors of the economy are tied into the role the city plays in U.S. trade with the Pacific Basin. Trade impacts the area in several ways. Clearly, goods passing through the area create the need for warehouse and distribution space. But, also a significant amount of activity related to finance, banking, real estate, insurance, legal affairs, and consulting is centered in Los Angeles.

SIOR panelists have divided the Los Angeles Metropolitan Area into seven separate market areas to more accurately reflect the diversity of market characteristics. On the followng pages are reports from seven market areas in and around the Los Angeles Metropolitan Area. They are

Los Angeles–City of Industry,
Los Angeles–East,
Los Angeles–Orange County,
Los Angeles–San Bernadino/Riverside,
Los Angeles–San Fernando Valley,
Los Angeles–South Bay,
and Los Angeles–West.

DEMOGRAPHICS

POPULATION
Los Angeles-Anaheim-Riverside: 12,738,000
Anaheim-Santa Ana: 2,123,000
Los Angeles-Long Beach: 8,109,000
Oxnard-Ventura: 600,000
Riverside-San Bernadino: 1,907,000

POPULATION GROWTH RATE
Los Angeles-Anaheim-Riverside: 2.0%
Anaheim-Santa Ana: 1.8%
Los Angeles-Long Beach: 2.4%
Oxnard-Ventura: 5.0%
Riverside-San Bernadino: 4.5%

EMPLOYMENT GROWTH RATE
Los Angeles-Long Beach: 2.4%
Oxnard-Ventura: 5.0%
Riverside-San Bernadino: 4.5%

UNEMPLOYMENT RATE
Anaheim-Santa Ana: 3.0%
Los Angeles-Long Beach: 4.5%
Oxnard-Ventura: 5.5%
Riverside-San Bernadino: 5.5%

PER CAPITA INCOME
Los Angeles-Long Beach: $13,436
Oxnard-Ventura: $13,260
Riverside-San Bernadino: $11,409

LOS ANGELES–CITY OF INDUSTRY: INDUSTRIAL

Market Area: Los Angeles, Eastern Los Angeles County, San Gabriel Valley

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: 35,000,000 sq.ft.

VACANT INVENTORY

Central City: n/a
Suburban: 6,000,000 sq.ft.(17.0%)

NET ABSORPTION

Central City: n/a
Suburban: 4,000,000 sq.ft.

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks
Insurance Companies
Savings and Loans

1987 REVIEW

The City of Industry market area is located in the eastern part of Los Angeles County but to the north of the Los Angeles–East market area. Sales, lease, and site prices are generally higher than in the southern part of Los Angeles County.

The City of Industry area has an inventory of approximately 35 million square feet. Six million square feet are currently vacant but net absorption in 1987 totalled four million square feet. Seventy percent of total absorption was for use in warehousing and distribution.

SIOR panelists report that high-tech space and properties with more than 60,000 square feet are currently oversupplied.

1988 FORECAST

In 1988, the City of Industry market area will realize six to 10 percent increases in construction and absorption. Sales, lease, and site prices for all types of industrial properties will also increase six to 10 percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME

Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	15%	15%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Down 6-10%	n/a
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$6.50	$6.00	$5.75-$6.00	$5.75	$5.00	n/a	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$57.00	n/a	$5.04	$32.00	Balanced Market
5,000 to 19,999	n/a	$49.00	n/a	$4.56	$33.00	Moderate Oversupply
20,000 to 39,999	n/a	$40.00	n/a	$4.08	$26.00	Balanced Market
40,000 to 59,999	n/a	$35.00-$38.00	n/a	$3.60	$18.00	Moderate Oversupply
60,000 to 99,999	n/a	$34.00	n/a	$3.36-$3.84	$14.00	Substantial Oversupply
More Than 100,000	n/a	$32.00-$34.00	n/a	$2.88-$3.48	$13.00	Substantial Market
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	Substantial Oversupply

LOS ANGELES–EAST: INDUSTRIAL

Market Area: Santa Fe Springs, La Mirada, Cerritos, Buena Park

MARKET DATA

TOTAL INVENTORY

Central City: 67,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY

Central City: 2,500,000 sq.ft.(3.7%)
Suburban: n/a

NET ABSORPTION

Central City: 2,600,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION

Central City: 1,080,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

The Los Angeles-East industrial market is excellent, experiencing another year of solid gains in 1987. There is a moderate shortage of properties with less than 20,000 square feet. SIOR panelists report that demand is particularly strong in Santa Fe Springs resulting in rising land prices.

Vacancy rates were low, ranging from 3.7 percent in the central city locations to five percent in suburban areas. High-tech construction is off six to 10 percent as this segment of the market is still moderately oversupplied. A total of 80 percent of all absorption activity in 1987 was for use in warehousing and distribution.

1988 FORECAST

Market conditions will remain strong in 1988. Warehouse/distribution construction, absorption, and lease prices will be up one to five percent. Sales prices will rise sharply by six to 10 percent. Manufacturing sales prices and site prices will also increase six to 10 percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 1-5%

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME

Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	15%	5%
RATE OF NEW CONSTRUCTION ••	Down 1-5%	Down 1-5%	Down 6-10%
DOLLAR VOLUME - SALES ••	Up 11-15%	Up 11-15%	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 11-15%	Up 11-15%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$12.00	$11.00	$10.00	$10.00	$8.00	$7.00	$6.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$70.00	n/a	$6.00	n/a	$28.00	Moderate Shortage
5,000 to 19,999	$65.00	n/a	$5.40	n/a	$25.00	Moderate Shortage
20,000 to 39,999	$55.00	n/a	$4.80	n/a	$22.00	Balanced Market
40,000 to 59,999	$53.00	n/a	$4.50	n/a	$21.00	Moderate Oversupply
60,000 to 99,999	$48.00	n/a	$4.00	n/a	$17.00	Balanced Market
More Than 100,000	$46.00	n/a	$3.85	n/a	$16.00	Balanced Market
High Tech/R & D	$55.00	n/a	$5.00	n/a	$40.00	Moderate Oversupply

LOS ANGELES–ORANGE COUNTY: INDUSTRIAL

Market Area: Orange County

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: 124,317,112 sq.ft.

VACANT INVENTORY

Central City: n/a
Suburban: 17,456,106 sq.ft.(14.0%)

NET ABSORPTION

Central City: n/a
Suburban: 3,540,372 sq.ft.

CURRENT CONSTRUCTION

Central City: n/a
Suburban: 1,860,694 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies.

1987 REVIEW

Los Angeles-Orange County's industrial market was very active in 1987. Fifty percent of all absorption occurred in the warehouse/distribution sector. Heavy manufacturing has been moving east into Riverside and San Bernardino County. Research and Development activity has also increased.

In 1987, Orange County's industrial vacancy rate hovered around 14 percent. However, more than 3.5 million square feet were absorbed. Currently, 1,860,694 square feet are under construction. Warehouse and distribution construction was down six to 10 percent from 1986. Manufacturing and high-tech/R & D construction as off 11 to 15 percent.

1988 FORECAST

Leasing of industrial warehouse/distribution and light manufacturing will remain strong in 1988. Construction and absorption of high-tech properties will increase one to five percent. Site prices and high-tech sales and lease prices will increase six to 10 percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

ABSORPTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

DOLLAR VOLUME

Sales: Same
Leases: Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	20%	30%
RATE OF NEW CONSTRUCTION ••	Down 6-10%	Down 11-15%	Down 11-15%
DOLLAR VOLUME - SALES ••	Up 6-10%	Down 6-10%	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Down 6-10%	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$12.00-$23.00	$12.00-$20.00	$9.00-$13.00	$8.00-$12.50	$9.00-$10.00	$7.00-$11.00	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$70.00-$84.00	n/a	$6.84-$8.40	$28.00	Balanced Market
5,000 to 19,999	n/a	$62.00-$68.00	n/a	$5.04-$5.76	$25.00	Moderate Oversupply
20,000 to 39,999	n/a	$50.00-$56.00	n/a	$5.04-$5.52	$20.00	Balanced Market
40,000 to 59,999	n/a	$48.00-$54.00	n/a	$4.32-$4.80	$18.00	Moderate Shortage
60,000 to 99,999	n/a	$45.00-$50.00	n/a	$4.08-$4.56	$15.00-$16.00	Balanced Market
More Than 100,000	n/a	$40.00-$45.00	n/a	$3.80-$4.56	$14.00	Moderate Shortage
High Tech/R & D	n/a	$60.00-$120.00	n/a	$7.80-$13.80	$35.00	Substantial Oversupply

LOS ANGELES -SAN BERNADINO/RIVERSIDE: INDUSTRIAL

Market Area: The Inland Empire Area, San Bernadino and Riverside Counties

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: 21,850,000 sq.ft.

VACANT INVENTORY

Central City: n/a
Suburban: 3,700,000 sq.ft.(16.9%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: 7,500,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

The San Bernadino/Riverside industrial market area has experienced very rapid growth in recent years. Absorption has increased from less than 250,000 square feet in 1981 to more than seven million square feet in 1986. Construction has surged, too, with approximately 7.5 million square feet currently under construction.

Such rapid change has led to a comparatively high vacancy rate, but that is only because the market is so young that the industrial base is not yet very large. Currently, moderate oversupplies are reported for most SIOR building categories. The area has very little high-tech space.

1988 FORECAST

SIOR panelists in the San Bernadino/Riverside area expect construction and absorption to stabilize at 1987 levels. The excess supply of space will force slight declines in rental rates. Site prices will be up six to 10 percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: n/a

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: n/a

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: n/a

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: n/a

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Up 20%	Same	n/a
DOLLAR VOLUME - SALES ••	Up 25%	Same	n/a
DOLLAR VOLUME - LEASES ••	Up 25%	Same	n/a

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	n/a	n/a	n/a	$20.00-$25.00	Moderate Oversupply
5,000 to 19,999	n/a	n/a	n/a	n/a	$16.00-$25.00	Moderate Oversupply
20,000 to 39,999	n/a	n/a	n/a	n/a	$12.00-$17.00	Moderate Oversupply
40,000 to 59,999	n/a	n/a	n/a	n/a	$11.00-$18.00	Moderate Oversupply
60,000 to 99,999	n/a	n/a	n/a	n/a	$10.00-$15.00	Moderate Oversupply
More Than 100,000	n/a	n/a	n/a	n/a	$10.00-$15.00	Balanced Market
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	n/a

LOS ANGELES–SAN FERNANDO VALLEY: INDUSTRIAL

Market Area: Ventura County, San Fernando Valley

MARKET DATA

TOTAL INVENTORY

Central City: 50,000,000 sq.ft.
Suburban: 15,000,000 sq.ft.

VACANT INVENTORY

Cent. City: 11,320,940 sq.ft. (23.0%)
Suburban: 5,000,000 sq.ft. (33.0%)

NET ABSORPTION

Central City: 3,000,000 sq.ft.
Suburban: 200,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 1,327,250 sq.ft.
Suburban: 877,270 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies
Commercial Banks

1987 REVIEW

The Los Angeles-San Fernando market area is a rapidly growing industrial market. There is currently a considerable amount of construction activity. Presently 1,327,250 square feet of industrial space is under construction in central city areas and another 877,270 square feet is under construction in the suburban areas.

Substantial shortages are reported for small properties with less than 5,000 square feet and for large properties with more than 60,000 square feet. High-tech space and buildings with between 20,000 and 40,000 square feet are substantially oversupplied.

1988 FORECAST

In 1988, the Los Angeles-San Fernando market will experience an increase in construction and absorption. Sales and lease prices of manufacturing and warehouse/distribution properties will increase six to 10 percent. The high-tech sector will remain relatively weak.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Down 6-10%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Down 6-10%

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Down 6-10%

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME

Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 1-5%	Up 6-10%
DOLLAR VOLUME - SALES ••	Up 1-5%	Up 1-5%	Down 6-10%
DOLLAR VOLUME - LEASES ••	Up 1-5%	Up 1-5%	Down 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$7.00	n/a	$6.00	$6.00	$5.50	$6.00	$3.00
CENTRAL CITY	$22.00	$15.00	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$65.00-$85.00	$60.00-$70.00	$7.80	$6.60	$30.00	Substantial Shortage
5,000 to 19,999	$55.00-$65.00	$45.00-$55.00	$6.00	$5.40	$28.00	Balanced Market
20,000 to 39,999	$50.00-$55.00	$45.00-$50.00	$6.00	$5.40	$28.00	Substantial Oversupply
40,000 to 59,999	$50.00	$43.00	$4.80-$5.40	$4.80-$5.40	$26.00	Balanced Market
60,000 to 99,999	$45.00-$50.00	$40.00	$5.40-$6.60	$4.80-$5.40	$25.00	Substantial Shortage
More Than 100,000	$45.00-$50.00	$35.00	$5.04	$4.20	$20.00	Substantial Shortage
High Tech/R & D	$80.00	$68.00	$10.20	$7.80	$48.00-$60.00	Substantial Oversupply

LOS ANGELES–SOUTH BAY: INDUSTRIAL

Market Area: Torrance, Manchester Boulevard on the North to Orange County line on the South

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: 160,000,000 sq.ft.

VACANT INVENTORY

Central City: n/a
Suburban: 10,000,000 sq.ft.(6.3%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: 1,500,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Savings & Loans
Insurance Companies

1987 REVIEW

The Los Angeles-South Bay industrial market area benefited from the high volume of goods moving through the area's ports. Overall industrial vacancies are 6.3 percent. The area has an industrial inventory of approximately 160 million square feet. An additional 1.5 million square feet is currently under construction. The rate of construction, however, is down compared to 1986.

Market demand for vacant space varies considerably according to the property size and type. SIOR panelists report a moderate shortage for properties with 5,000 to 19,999 square feet and 60,000 to 99,999 square feet. High-tech properties are still substantially oversupplied.

1988 FORECAST

In 1988, overall construction activity will decline. Warehouse/distribution absorption, and sales and lease prices will increase by as much as 10 percent. Site prices will continue to increase rapidly, up six to 10 percent in 1988.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME

Sales: Up 6-10%
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	85%	10%	5%
RATE OF NEW CONSTRUCTION ••	Down 1-5%	Substantial Decrease	Down 6-10%
DOLLAR VOLUME - SALES ••	Up 11-15%	Down 6-10%	Same
DOLLAR VOLUME - LEASES ••	Down 6-10%	Same	Down 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$13.00-$15.00	$13.00-$25.00	$13.00-$20.00	$13.00-$18.00	$9.00-$16.00	$9.00-$15.00	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$54.00-$70.00	n/a	$6.00-$9.00	$34.75	Moderate Oversupply
5,000 to 19,999	n/a	$48.00-$65.00	n/a	$5.40-$7.80	$30.00	Moderate Shortage
20,000 to 39,999	n/a	$39.00-$59.00	n/a	$4.70-$5.90	$26.00	Moderate Oversupply
40,000 to 59,999	n/a	$39.00-$59.00	n/a	$4.20-$5.40	$20.75	Balanced Market
60,000 to 99,999	n/a	$39.00-$59.00	n/a	$4.00-$5.40	$17.95	Moderate Shortage
More Than 100,000	n/a	$37.00-$48.00	n/a	$3.80-$5.00	$15.35	Balanced Market
High Tech/R & D	n/a	$70.00-$80.00	n/a	$7.80-$13.20	$55.00	Substantial Oversupply

LOS ANGELES–WEST: INDUSTRIAL

Market Area: Los Angeles–West Metropolitan Area

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: n/a

VACANT INVENTORY

Central City: n/a
Suburban: n/a

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Pension Funds
Insurance Companies

1987 REVIEW

The West Los Angeles, Santa Monica, Marina, Culver City, and LAX market caters to higher end industrial users. The LAX market for airport-related uses, including dock high loading with yard area for large tractor/trailors, is the highest price per square foot industrial real estate in the area. Prices range from $0.80 to $1.05 net per square foot per month.

Older, brick manufacturing buildings with low truss and inadequate loading and/or parking lease at a minimum of $0.45 net per square foot per month. Industrial space in all SIOR building categories except high-tech are reported to be in short supply.

1988 FORECAST

SIOR panelists expect construction of industrial space to decline six to 10 percent in 1988. Absorption will be off by one to five percent. Sales and site prices will increase sharply and lease prices will be up one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

CONSTRUCTION

Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME

Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	35%	30%	35%
RATE OF NEW CONSTRUCTION ••	Down 1-5%	Down 1-5%	Down 1-5%
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$20.00-$65.00	$20.00-$60.00	$20.00-$50.00	$20.00-$50.00	$20.00-$65.00	$20.00-$50.00	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$100.00	n/a	$9.60	n/a	$35.00	Substantial Shortage
5,000 to 19,999	$90.00	n/a	$9.00	n/a	$35.00	Moderate Shortage
20,000 to 39,999	$80.00	n/a	$8.40	n/a	$30.00	Moderate Shortage
40,000 to 59,999	$70.00	n/a	$8.40	n/a	$25.00	Moderate Shortage
60,000 to 99,999	$60.00	n/a	$7.20	n/a	$19.00	Moderate Shortage
More Than 100,000	$55.00	n/a	$7.20	n/a	$18.00	Moderate Shortage
High Tech/R & D	$75.00	n/a	$14.00	n/a	$30.00	Moderate Oversupply

LOUISVILLE: INDUSTRIAL

Market Area: Louisville Metropolitan Area

DEMOGRAPHICS

POPULATION: 964,000
POPULATION GROWTH RATE: 0.2%
EMPLOYMENT GROWTH RATE: 0.9%
UNEMPLOYMENT RATE: 5.6%
PER CAPITA INCOME: $11,386

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

Louisville is considered part of the Golden Triangle along with Lexington and Cincinnati. While Louisville has outperformed other areas of Kentucky, its economy remains heavily dependent on heavy manufacturing, particularly in the metals and machinery industries. Employment growth has been very slow, averaging only 0.9 percent annually between 1975 and 1985.

Approximately 75 percent of industrial absorption in 1987 was for use in warehousing and distribution. Substantial shortages are reported for buildings with less than 20,000 square feet, buildings with more than 100,000 square feet, and high-tech space.

1988 FORECAST

SIOR panelists in Louisville expect absorption of warehouse/distribution space to increase 11 to 15 percent in 1988. Construction of manufacturing and warehouse/distribution space will increase six to 10 percent. Sales, site, and lease prices will increase moderately in 1988.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	20%	5%
RATE OF NEW CONSTRUCTION **	Up 6-10%	Up 1-5%	Up 6-10%
DOLLAR VOLUME - SALES **	Up 11-15%	Up 6-10%	n/a
DOLLAR VOLUME - LEASES **	Up 11-15%	Up 6-10%	n/a

** Compared to A Year Ago

SITE PRICES
(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.75	$1.50	$1.50	$1.00	$1.00	$0.80	$0.60
CENTRAL CITY	$1.50	$1.25	$1.25	$1.00	$1.25	$1.00	$0.50

PROFILE OF BUILDINGS BY SIZE
(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00	$25.00	$3.00	$3.25	$25.00	Subtantial Shortage
5,000 to 19,999	$20.00	$22.00	$2.50	$3.25	$22.00	Subtantial Shortage
20,000 to 39,999	$18.00	$20.00	$2.25	$3.00	$21.00	Moderate Shortage
40,000 to 59,999	$15.00	$20.00	$2.25	$2.75	$21.00	Moderate Shortage
60,000 to 99,999	$17.00	$18.00	$1.90-$2.10	$2.75	$20.00	Moderate Shortage
More Than 100,000	$16.00	$18.00	$1.75-$2.50	$2.50	$18.00-$20.00	Substantial Shortage
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	Substantial Shortage

MELBOURNE/S. BREVARD COUNTY: INDUSTRIAL

Market Area: Melbourne and South Brevard County

DEMOGRAPHICS

POPULATION: 102,000
POPULATION GROWTH RATE: 4.5%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.0%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 2,005,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 280,000 sq.ft.(14.0%)

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 95,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ampie

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

The Melbourne/South Brevard County area has experienced fairly rapid growth during the 1980's with annual population increases averaging 4.5 percent. The region is host to nine Fortune 500 companies and over 20 high-tech manufacturing firms.

The industrial market inventory totals only about 2,000,000 square feet. Another 100,000 square feet is presently under construction. SIOR panelists report a moderate shortage of buildings with less than 5,000 square feet and a moderate oversupply of buildings with more than 40,000 square feet.

1988 FORECAST

In 1988, SIOR panelists expect market conditions to remain largely unchanged. However, absorption of all industrial space should increase at the rate of one to five percent.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	45%	40%	15%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Up 1-5%	Up 6-10%	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.70-$1.40	$0.70-$1.40	$0.70-$1.40	$0.60-$0-.80	$0.60-$0.80	$0.60-$0.80	$0.60-$0.80
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$28.00-$37.00	n/a	$3.35-$5.75	$28.00	Moderate Shortage
5,000 to 19,999	n/a	$28.00-$33.00	n/a	$3.85-$5.50	$24.00	Balanced Market
20,000 to 39,999	n/a	$20.00-$28.00	n/a	$3.35-$5.00	$22.00	Balanced Market
40,000 to 59,999	n/a	$20.00-$28.00	n/a	$3.35-$5.00	$22.00	Moderate Oversupply
60,000 to 99,999	n/a	$20.00-$28.00	n/a	$3.35-$5.00	$22.00	Moderate Oversupply
More Than 100,000	n/a	n/a	n/a	$3.35-$5.00	$20.00	Moderate Oversupply
High Tech/R & D	n/a	$42.00	n/a	$4.65-$6.50	$36.00	Balanced Market

MEMPHIS: INDUSTRIAL

Market Area: Memphis, Desoto County, Mississippi, Fayette County, Tennessee and Crittendon County, Arkansas

DEMOGRAPHICS

POPULATION: 945,000
POPULATION GROWTH RATE: 0.6%
EMPLOYMENT GROWTH RATE: 1.8%
UNEMPLOYMENT RATE: 5.4%
PER CAPITA INCOME: $10,706

MARKET DATA

TOTAL INVENTORY

Central City: 38,500,000 sq.ft.
Suburban: 51,000,000 sq.ft.

VACANT INVENTORY

Central City: 2,000,000 sq.ft.(5.2%)
Suburban: 4,000,000 sq.ft.(7.8%)

NET ABSORPTION

Central City: 0 sq.ft.
Suburban: 500,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 200,000 sq.ft.
Suburban: 500,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

By virtue of its central location within 50 percent of the nation's population, Memphis has been called "America's distribution center." Memphis has a very developed transportation network which makes it an attractive location for distribution facilities.

The industrial market is comprised of about 90 million square feet of space. A comparatively high 95 percent of absorption in 1987 was for use in warehousing and distribution. Net absorption totalled 500,000 square feet and 700,000 square feet of new construction will be available by the end of 1988.

1988 FORECAST

SIOR panelists report that the market is moderately oversupplied so that conditions in 1988 will be mixed. Manufacturing demand has returned to the market and absorption should increase six to 10 percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 6-10%

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Down 11-15%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME

Sales: Same
Leases : Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	95%	5%	0%
RATE OF NEW CONSTRUCTION ••	Down 11-15%	Same	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Same	Up 6-10%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.50-$2.50	$1.25-$2.25	$1.25-$1.75	$0.90-$1.25	n/a	n/a	n/a
CENTRAL CITY	$0.50-$1.00	$0.50-$1.00	$0.50-$1.00	$0.50-$1.00	$0.75	$0.50-$0.75	$0.30-$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$20.00-$25.00	$25.00-$35.00	$2.30-$3.00	$5.00	$21.50	Balanced Market
5,000 to 19,999	$14.00-$22.00	$15.00-$25.00	$2.25-$2.85	$3.70	$18.00	Balanced Market
20,000 to 39,999	$12.00-$20.00	$15.00-$25.00	$1.85-$2.25	$3.00	$15.50	Moderate Oversupply
40,000 to 59,999	$9.00-$13.00	$15.00-$20.00	$1.75-$2.25	$2.85	$15.00	Moderate Oversupply
60,000 to 99,999	$10.00-$12.00	$13.00-$17.00	$1.50-$2.00	$2.75	$14.50	Moderate Oversupply
More Than 100,000	$9.00-$10.00	$13.00-$16.00	$1.50	$2.60	$13.50	Moderate Oversupply
High Tech/R & D	n/a	n/a	n/a	$6.00-$8.00	$30.00	Substantial Oversupply

MIAMI: INDUSTRIAL

Market Area: Miami and Dade County

DEMOGRAPHICS

POPULATION: 1,753,000
POPULATION GROWTH RATE: 1.4%
EMPLOYMENT GROWTH RATE: 3.1%
UNEMPLOYMENT RATE: 5.5%
PER CAPITA INCOME: $12,257

MARKET DATA

TOTAL INVENTORY

Central City: 60,600,000 sq.ft.
Suburban: 47,000,000 sq.ft.

VACANT INVENTORY

Central City: 3,030,000 sq.ft.(5.0%)
Suburban: 1,880,000 sq.ft.(4.0%)

NET ABSORPTION

Central City: 800,000 sq.ft.
Suburban: 1,500,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 300,000 sq.ft.
Suburban: 1,000,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

The Miami industrial market has over 107 million square feet of inventory with over one-half located in areas near the central city. The market area has a comparatively modern infrastructure which has helped foster economic growth.

Industrial vacancy rates range from five percent in the central city to only four pecent in the suburban areas. Net absorption in 1987 totalled 2.3 million square feet. Approximately 1.3 million square feet of new construction will be available by the end of 1988. The rate of new manufacturing and high-tech construction is up six to 10 percent compared to a year ago.

1988 FORECAST

Strong industrial activity is expected to continue through 1988. Lease rates will be up by one to five percent. The majority of construction will be for industrial users rather than for investor/rental purposes.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME

Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	25%	5%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - LEASES ••	Up 11-15%	Up 6-10%	Up 11-15%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$6.50	$5.75	$5.00	$4.00	$3.00	$1.50	n/a
CENTRAL CITY	$3.00	$3.00	$2.50	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00	$45.00	$2.75	$4.75	$27.00	Balanced Market
5,000 to 19,999	$21.00	$38.00	$2.50	$4.25	$22.00	Moderate Shortage
20,000 to 39,999	$19.00	$34.00	$2.25	$4.00	$21.00	Moderate Shortage
40,000 to 59,999	$17.00	$30.00	$2.00	$3.85	$19.00	Moderate Shortage
60,000 to 99,999	$15.00	$27.00	$1.75	$3.25	$18.00	Moderate Shortage
More Than 100,000	$13.00	$26.00	$1.65	$3.10	$17.00	Moderate Shortage
High Tech/R & D	n/a	$50.00	n/a	$7.50	$34.00	Balanced Market

MILWAUKEE: INDUSTRIAL

Market Area: Milwaukee Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,379,000
POPULATION GROWTH RATE: -0.3%
EMPLOYMENT GROWTH RATE: 1.0%
UNEMPLOYMENT RATE: 5.1%
PER CAPITA INCOME: $13,120

MARKET DATA

TOTAL INVENTORY

Central City: 100,000,000 sq.ft.
Suburban: 30,000,000 sq.ft.

VACANT INVENTORY

Cent. City: 11,000,000 sq.ft.(11.0%)
Suburban: 2,600,000 sq.ft.(8.7%)

NET ABSORPTION

Central City: n/a
Suburban: 400,000 sq.ft.

CURRENT CONSTRUCTION

Central City: n/a
Suburban: 150,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

Milwaukee has always played a major role in the North Central regional economy, supplying support services and transportation services through its port. The decline of the Upper Midwest's manufacturing base has led to a steady erosion of Milwaukee's manufacturing employment base.

Milwaukee's industrial market is basically strong except for an abundance of very large, old industrial complexes. Approximately 100 million square feet of industrial space is located in the central city and an additional 30 million square feet is located in suburban areas. Vacancy rates range from 11 percent in the central city to eight percent in the suburbs.

1988 FORECAST

Construction of manufacturing and high-tech space will decline one to five percent in 1988. While construction of warehouse/distribution space will be stable, sales and lease prices will be off one to five percent. SIOR panelists expect absorption to match 1987 levels.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

DOLLAR VOLUME

Sales: Down 1-5%
Leases : Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	30%	20%
RATE OF NEW CONSTRUCTION ••	Same	Up 1-5%	Up 1-5%
DOLLAR VOLUME - SALES ••	Same	Up 1-5%	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.90	$0.90	$0.96	$0.68	$0.45	$0.23	$0.23
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$30.00-$35.00	n/a	$3.50-$4.00	$35.00-$40.00	Balanced Market
5,000 to 19,999	n/a	$20.00-$25.00	n/a	$3.00-$3.50	$30.00	Moderate Shortage
20,000 to 39,999	n/a	$17.00-$22.00	n/a	$2.00-$2.75	$25.00	Balanced Market
40,000 to 59,999	n/a	$14.00-$19.00	n/a	$2.00-$2.50	$20.00	Moderate Oversupply
60,000 to 99,999	n/a	$9.00-$13.00	n/a	$1.75-$2.25	$20.00	Moderate Oversupply
More Than 100,000	n/a	$6.00-$9.00	n/a	$1.25-$1.50	$18.00	Substantial Oversupply
High Tech/R & D	n/a	n/a	n/a	$4.50	$35.00-$40.00	Balanced Market

MINNEAPOLIS/ST. PAUL: INDUSTRIAL

Market Area: Minneapolis/St. Paul Metropolitan Area

1987 REVIEW

The Greater Twin City Area economy has a diverse range of businesses. Most areas have prospered during the current expansion and no area seems particularly vulnerable should a mild downturn occur.

Owner/user and tenant expansions propelled industrial absorption in 1987. There are, however, two notable weak areas: one is several large user buildings that are available, and the second is a continuing oversupply of office-showroom, business center space where vacancies are running around 25 percent. Vacancy rates for the entire industrial inventory range from 7.5 percent in the central city to 8.5 percent in suburban areas.

1988 FORECAST

SIOR panelists in Minneapolis/St. Paul expect industrial construction and absorption to decline by one to five percent in 1988. Sales and lease prices will be stable but site prices will increase modestly.

DEMOGRAPHICS

POPULATION: 2,262,000
POPULATION GROWTH RATE: 1.1%
EMPLOYMENT GROWTH RATE: 2.9%
UNEMPLOYMENT RATE: 4.9%
PER CAPITA INCOME: $14,048

MARKET DATA

TOTAL INVENTORY

Central City: 73,000,000 sq.ft.
Suburban: 107,000,000 sq.ft.

VACANT INVENTORY

Central City: 5,475,000 sq.ft.(7.5%)
Suburban: 9,095,000 sq.ft.(8.5%)

NET ABSORPTION

Central City: 600,000 sq.ft.
Suburban: 3,000,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 600,000 sq.ft.
Suburban: 2,000,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

CONSTRUCTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME

Sales: Up 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	20%	30%
RATE OF NEW CONSTRUCTION ••	Down 1-5%	Down 1-5%	Down 1-5%
DOLLAR VOLUME - SALES ••	Up 6-10%	Down 1-5%	Down 1-5%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Down 1-5%	Down 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$5.00	$2.50	$2.50	$2.25	$1.00	$0.50	$0.40
CENTRAL CITY	$3.00-$5.00	$3.00	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	n/a	$4.00	$6.00	$40.00	Balanced Market
5,000 to 19,999	$20.00-$26.00	$28.00-$38.00	$3.25	$5.50	$28.50	Balanced Market
20,000 to 39,999	$16.00-$24.00	$28.00-$32.00	$3.00	$5.25	$25.00	Moderate Oversupply
40,000 to 59,999	$13.00-$23.00	$24.00-$28.00	$2.75	$5.00	$22.00	Moderate Oversupply
60,000 to 99,999	$11.00-$22.00	$16.00-$22.00	$2.60	$4.50	$19.00	Moderate Oversupply
More Than 100,000	$10.00-$20.00	$16.00-$22.00	n/a	$4.00	$19.00	Moderate Shortage
High Tech/R & D	n/a	$40.00-$50.00	n/a	$6.00-$8.00	$47.00	Moderate Oversupply

MOBILE: INDUSTRIAL

Market Area: Mobile Metropolitan Area

DEMOGRAPHICS

POPULATION: 469,000
POPULATION GROWTH RATE: 1.1%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 8.8%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: 1,500,000 sq.ft.
Suburban: 1,250,000 sq.ft.

VACANT INVENTORY

Central City: 500,000 sq.ft.(33.3%)
Suburban: 400,000 sq.ft.(32.0%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Mobile is located in Southwest Alabama, thirty-one miles from the Gulf of Mexico. It has a diverse economic base with significant employment in heavy manufacturing, business services, and wholesale and retail trade.

Mobile's industrial market has approximately 2,750,000 square feet of space, 900,000 (32 percent) of which is vacant. There was no new speculative construction in 1987 and absorption was negative.

1988 FORECAST

SIOR Panelists expect Mobile's soft market to continue through 1988 due to a slowdown in the oil and gas industry. However, the Kureha Chemical Company, Limited of Tokyo has joined with Virginia Chemical Company in a new joint venture. They have announced plans to construct a manufacturing facility in North Mobile County that will be finished by June 1989.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

CONSTRUCTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Down 1-5%
Leases : Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	10%	30%
RATE OF NEW CONSTRUCTION **	Down 6-10%	n/a	n/a
DOLLAR VOLUME - SALES **	Down 6-10%	n/a	n/a
DOLLAR VOLUME - LEASES **	Down 6-10%	n/a	n/a

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$3.00	$2.50	$2.00	$1.00	$1.00	$0.50	$0.50
CENTRAL CITY	$2.50	$2.00	$1.50	$0.75	$1.00	$0.75	$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00	$28.00	$3.50	$4.00	$30.00	Moderate Oversupply
5,000 to 19,999	$22.50	$25.00	$3.85	$3.00	$25.00	Moderate Oversupply
20,000 to 39,999	$20.00	$20.00	$2.00	$2.50	$18.00	Moderate Oversupply
40,000 to 59,999	$18.00	$18.00	$1.75	$2.00	$15.00	Substantial Oversupply
60,000 to 99,999	$15.00	$18.00	$1.50	$2.00	$14.00	Substantial Oversupply
More Than 100,000	$13.00	$13.00	$1.50	$2.00	$12.50	Substantial Oversupply
High Tech/R & D	$32.00	$35.00	$4.50	$5.00	$35.00	Moderate Oversupply

NASHUA: INDUSTRIAL

Market Area: Nashua, Hudson, Amherst, Merrimack and Hollis

DEMOGRAPHICS

POPULATION: 158,000
POPULATION GROWTH RATE: 1.9%
EMPLOYMENT GROWTH RATE: 5.1%
UNEMPLOYMENT RATE: 2.4%
PER CAPITA INCOME: $13,299

MARKET DATA

TOTAL INVENTORY
Central City: 11,743,660 sq.ft.
Suburban: 8,276,801 sq.ft.

VACANT INVENTORY
Central City: 850,844 sq.ft.(7.2%)
Suburban: 891,806 sq.ft.(10.8%)

NET ABSORPTION
Central City: -255,844 sq.ft.
Suburban: -402,686 sq.ft.

CURRENT CONSTRUCTION
Central City: 39,000 sq.ft.
Suburban: 112,500 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

Nashua's economy is strong and becoming more diversified by the growing employment base in business services relative to manufacturing. The industrial market is still relatively small but, for the first time in many years, a number of facilities in excess of 100,000 square feet have become available.

Net absorption in 1987 was a negative 650,000 square feet as a result of two large firms relinquishing a substantial amount of space. Still, the Nashua area is one of the fastest growing areas of the country and a few transactions can greatly affect market conditions. Growth has primarily come from expanding service and distribution firms.

1988 FORECAST

SIOR panelists in Nashua expect manufacturing absorption to increase by six to 10 percent. High-tech construction will also increase six to 10 percent. Sales prices will be rising rapidly but lease prices are expected to remain at 1987 levels.

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 6-10%

DOLLAR VOLUME
Sales: Up 11-15%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	38%	30%	32%
RATE OF NEW CONSTRUCTION ••	Same	Same	Down 11-15%
DOLLAR VOLUME - SALES ••	Up 11-15%	Up 11-15%	Same
DOLLAR VOLUME - LEASES ••	Up 11-15%	Up 6-10%	Down 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.90	$1.70	$1.55	$1.50	$1.26	$1.10	$0.75
CENTRAL CITY	$3.00	$2.50-$2.75	$2.05-$2.10	$1.95	$2.10-$2.35	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$70.00	$55.00	$4.75	$4.75	$36.00	Substantial Shortage
5,000 to 19,999	$65.00	$50.00	$4.25	$4.00	$33.00	Substantial Shortage
20,000 to 39,999	$50.00	$42.00	$4.00	$3.75	$32.00	Balanced Market
40,000 to 59,999	$46.00	$40.00	$4.00	$3.75	$30.00	Moderate Shortage
60,000 to 99,999	$44.00	$38.00	$4.00	$3.75	$28.00	Balanced Market
More Than 100,000	$42.00	$35.00	$3.75	$3.75	$28.00	Substantial Oversupply
High Tech/R & D	$75.00	$65.00	$6.25	$6.00	$60.00	Moderate Oversupply

NEW HAVEN: INDUSTRIAL

Market Area: New Haven, East Haven, West Haven, North Haven, Branford, Wallingford and Milford

DEMOGRAPHICS

POPULATION: 510,000
POPULATION GROWTH RATE: 0.4%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 3.1%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: 6,300,000 sq.ft.
Suburban: 27,500,000 sq.ft.

VACANT INVENTORY

Central City: 300,000 sq.ft.(5.0%)
Suburban: 1,000,000 sq.ft.(4.0%)

NET ABSORPTION

Central City: n/a sq.ft.
Suburban: n/a sq.ft.

CURRENT CONSTRUCTION

Central City: 100,000 sq.ft.
Suburban: 500,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

New Haven's economy has been making the familiar transition away from a dependence on manufacturing. Most of the area's heavy industrial manufacturing has moved out of the state. Many of the old factory buildings in and around New Haven have been converted to incubator space for small start-up operations involving electronic assembly, small products distribution, service businesses, wholesale, or retail space.

Site prices have escalated to the point that it is not economically feasible to build small buildings. A recent trend is for developers to remodel existing buildings and design new ones to be divided into industrial condominiums.

1988 FORECAST

SIOR panelists in New Haven expect strong appreciation in site prices. Construction of warehouse/distribution and high-tech properties will increase one to five percent. Lease prices will be marginally higher.

OUTLOOK

SALES PRICES

Manufacturing: n/a
Warehouse/Distribution: n/a
High Tech/R & D: n/a

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME

Sales: Up 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Same	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 1-5%	Same	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 1-5%	Same	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$3.50	$3.00	$2.50	$2.00	$1.25	$1.10	$1.00
CENTRAL CITY	$3.50	$3.00	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$42.00	$44.00	$5.50	$6.00	$45.00	Substantial Shortage
5,000 to 19,999	$38.00	$40.00	$5.25	$5.75	$42.00	Moderate Shortage
20,000 to 39,999	$36.00	$38.00	$5.00	$5.25	$40.00	Moderate Shortage
40,000 to 59,999	$35.00	$36.00	$5.00	$5.00	$36.00	Balanced Market
60,000 to 99,999	$34.00	$35.00	$4.50	$5.00	$32.00	Balanced Market
More Than 100,000	$32.00	$32.00	n/a	$4.50	$30.00	Balanced Market
High Tech/R & D	n/a	$50.00	$12.00	$13.00	$70.00	Balanced Market

MARKET DATA

TOTAL INVENTORY

Central City: 92,000,000 sq.ft.
Suburban: 1,460,000,000 sq.ft.

VACANT INVENTORY

Central City: 4,600,000 sq.ft.(5.0%)
Suburban: 8,000,000 sq.ft.(.5%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: 250,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Insurance Companies

NEW JERSEY–NORTHERN: INDUSTRIAL

Market Area: Newark, Hackensack, Elizabeth, Jersey City and the Northern New Jersey Metropolitan Area

1987 REVIEW

The Northern New Jersey industrial market currently has over 1.5 billion square feet of inventory. The market area has been hurt somewhat by very low levels of unemployment and very strict environmental laws. A scarcity of developable land has resulted in relatively little construction for the past three years. Consequently, the area has experienced escalating sales and lease prices.

Vacancy rates are very low and moderate shortages are reported in every SIOR building category except high-tech. Approximately 250,000 square feet of industrial space is currently under construction.

1988 FORECAST

Market activity in 1988 will be similar to 1987 and dominated by moves within the region with relatively little net absorption. Site prices will increase sharply by 11 to 15 percent. Sales prices will increase six to 10 percent reflecting strong investor enthusiasm for this market area.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME

Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	10%	50%
RATE OF NEW CONSTRUCTION ••	Same	Same	Down 11-15%
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$4.50	$3.75	$3.50	$3.50	$2.50	$2.00	$1.25
CENTRAL CITY	$4.50	$4.50	$4.00	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00	$70.00	$5.00	$7.00	$37.00	Moderate Shortage
5,000 to 19,999	$25.00	$60.00	$4.75	$5.50	$34.00	Moderate Shortage
20,000 to 39,999	$25.00	$50.00	$4.25	$5.50	$37.00	Moderate Shortage
40,000 to 59,999	$25.00	$42.00	$4.25	$5.50	$29.00	Moderate Shortage
60,000 to 99,999	$25.00	$42.00	$4.25	$5.50	$29.00	Moderate Shortage
More Than 100,000	$30.00	$40.00	$4.25	$5.00	$27.00	Moderate Shortage
High Tech/R & D	n/a	$66.00	n/a	$12.00	$55.00	Balanced Market

NEW JERSEY–SOUTHERN: INDUSTRIAL

Market Area: Camden, Gloucester, and Burlington Counties

1987 REVIEW

The New Jersey-Southern market area comprises Camden, Gloucester and Burlington Counties. Information on the market area's inventory characteristics are not currently available.

SIOR panelists report that the vacancy situation in the area is mixed. Moderate or substantial shortages exist for large industrial buildings with more than 60,000 square feet. Smaller buildings with less than 20,000 square feet are moderately oversupplied. The rate of construction is up six to ten percent compared to a year ago.

1988 FORECAST

SIOR panelists in Southern New Jersey expect the level of construction to increase again in 1988, especially for high-tech/R & D properties. Site and sales prices for all types of industrial buildings will increase by 11-15 percent.

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: n/a

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME
Sales: n/a
Leases: n/a

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - LEASES ••	Up 1-5%	Up 1-5%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES
(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$3.50	$3.00	$2.75	$2.10	$1.35	$1.15	$0.80
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE
(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$45.00	n/a	$4.50	$43.00	Moderate Oversupply
5,000 to 19,999	n/a	$40.00	n/a	$4.00	$40.00	Moderate Oversupply
20,000 to 39,999	n/a	$35.00	n/a	$3.90	$35.00	n/a
40,000 to 59,999	n/a	$34.00	n/a	$3.85	$33.00	Balanced Market
60,000 to 99,999	n/a	$30.00	n/a	$3.60	$28.00	Moderate Shortage
More Than 100,000	n/a	$28.00	n/a	$3.50	$27.00	Substantial Shortage
High Tech/R & D	n/a	$70.00	n/a	$9.50	$60.00	Moderate Oversupply

NEW ORLEANS: INDUSTRIAL

Market Area: New Orleans Metropolitan Area including Jefferson Parish, St. Charles Parish, Gretna and Algiers

DEMOGRAPHICS

POPULATION: 1,324,000
POPULATION GROWTH RATE: 1.0%
EMPLOYMENT GROWTH RATE: 1.9%
UNEMPLOYMENT RATE: 9.2%
PER CAPITA INCOME: $11,459

MARKET DATA

TOTAL INVENTORY

Central City: 21,000,000 sq.ft.
Suburban: 32,500,000 sq.ft.

VACANT INVENTORY

Central City: 2,100,000 sq.ft.(10%)
Suburban: 6,350,000 sq.ft.(19.5%)

NET ABSORPTION

Central City: 178,600 sq.ft.
Suburban: -380,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY

Tight

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

New Orleans has weathered the prolonged economic downturn that has plagued oil-dependent areas and a turnaround is apparent. The industrial market activity has centered on absorption by move-up tenants. A fair amount of prime space has been taken and vacancy rates are declining.

SIOR panelists report that buildings with between 20,000 and 100,000 square feet are moderately oversupplied. The central city vacancy rate is currently 10 percent and the suburban vacancy rate is 19.5 percent. There currently is no new construction activity.

1988 FORECAST

SIOR panelists expect market conditions to be stable in 1988. Positive absorption coupled with flat construction should reduce overall vacancies. Sales and lease prices will remain unchanged except for marginal declines in warehouse and distribution sales prices.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	90%	10%	0%
RATE OF NEW CONSTRUCTION **	Same	Same	Same
DOLLAR VOLUME - SALES **	Same	Same	Same
DOLLAR VOLUME - LEASES **	Up 11-15%	Same	Same

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.00-$6.00	$1.00-$5.50	$1.00-$5.50	$1.00-$5.50	$0.50-$2.00	$0.50-$2.00	$0.50-$2.00
CENTRAL CITY	$6.00	$5.00	$5.00	$4.50	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$32.00	$38.00-$40.00	$2.25-$3.00	$4.00	$29.00	Moderate Oversupply
5,000 to 19,999	$28.00	$30.00-$31.00	$1.75-$2.50	$3.25	$24.50	Balanced Market
20,000 to 39,999	$25.00	$30.00	$1.75-$2.00	$2.75	$20.00	Moderate Oversupply
40,000 to 59,999	$22.00	$25.00	$1.50-$1.75	$2.50	$19.00	Moderate Oversupply
60,000 to 99,999	$22.00	$22.00-$23.00	$1.50	$2.25	$17.00	Moderate Oversupply
More Than 100,000	$22.00	$20.00	$1.50	$2.25	$15.50	Balanced Market
High Tech/R & D	n/a	n/a	n/a	n/a	$25.00	Balanced Market

NEW YORK METROPOLITAN AREA

New York Industrial Markets

The New York-Northern New Jersey-Long Island consolidated metropolitan statistical area has a population of approximately 17.9 million. Over eight million people live in New York City alone. No other city has such a high concentration of banking and financial services, but nearly every industry maintains a presence in the New York area.

The limited supply and high cost of land has reinforced the movement of business and residence to more outlying areas in Northern New Jersey, Connecticut, and New York state. Manufacturing employment declined at an average annual rate of 2.2 percent between 1975 and 1985 as numerous firms relocated to areas with lower costs and warmer climates. The area's economic restructuring was accompanied by nonmanufacturing employment growth over the same period. The financial and business services industries have experienced incredible growth, riding Wall Street's bull market since 1982.

The events of October 19, 1987 probably signaled the end to continuing employment growth from the financial sector of New York's economy. Despite the central role of New York's financial district in its overall economy, this market area is deep and wide. It's too early to forecast the demise of New York's popularity as a business address.

SIOR panelists have divided the New York area into five separate industrial markets to more accurately reflect the diversity of market characteristics. On the following pages are reports from five market areas in and around the New York Metropolitan Area. They are

New Jersey–Northern,
New York City,
New York City–Brooklyn/Queens,
New York–Nassau/Suffolk Counties,
and New York–Rockland/Westchester Counties.

DEMOGRAPHICS

POPULATION
New York-Northern New Jersey-Long Island: 17,931,000
Bergen-Passaic, NJ: 1,301,000
Middlesex-Somerset-Hunterdon, NJ: 930,000
Nassau-Suffolk, NY: 2,645,000
New York, NY: 8,466,000
Newark, NJ: 1,882,000

POPULATION GROWTH RATE
New York-Northern New Jersey-Long Island: 0.4%
Bergen-Passaic, NJ: 0.1%
Middlesex-Somerset-Hunterdon, NJ: 0.9%
Nassau-Suffolk, NY: 0.3%
New York, NY: 0.4%
Newark, NJ: 0%

EMPLOYMENT GROWTH RATE
Bergen-Passaic, NJ: 2.1%
Middlesex-Somerset-Hunterdon, NJ: 4.0%
Nassau-Suffolk, NY: 3.1%
New York, NY: 0.8%
Newark, NJ: 2.0%

UNEMPLOYMENT RATE
Bergen-Passaic, NJ: 2.7%
Middlesex-Somerset-Hunterdon, NJ: 2.3%
Nassau-Suffolk, NY: 3.0%
New York, NY: 5.9%
Newark, NJ: 3.4%

PER CAPITA INCOME
Bergen-Passaic, NJ: $16,399
Middlesex-Somerset-Hunterdon, NJ: $15,628
Nassau-Suffolk, NY: $16,239
New York, NY: $13,946
Newark, NJ: $15,053

NEW YORK CITY: INDUSTRIAL

Market Area: Manhattan, Brooklyn, Queens, Bronx

1987 REVIEW

The New York City industrial real estate market is varied and unusual. There are excellent one-story industrial buildings five to 20 years old in demand in Brooklyn, Queens, and the Bronx. The Manhattan market is generally loft-type, multi-floor buildings used for light assembly and manufacturing.

New York's industrial real estate prices are exceptionally high, reaching $250 per square foot for site with less than two acres. The market is fairly balanced with a moderate shortage of properties with less than 20,000 square feet. Properties with more than 60,000 square feet are moderately oversupplied.

1988 FORECAST

For 1988, SIOR panelists expect a six to 10 percent increase in manufacturing and warehouse/distribution sales and lease prices. Also, they project an 11 to 15 percent increase in site prices and dollar volumes of sales and leases.

MARKET DATA

TOTAL INVENTORY

Central City: 400,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY

Central City: n/a
Suburban: n/a

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Owner Financing
Commercial Banks

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$10.00-$250.00	$8.00-$50.00	$8.00-$40.00	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$40.00-$150.00	n/a	$6.00-$15.00	n/a	$45.00-$75.00	Moderate Shortage
5,000 to 19,999	$35.00-$75.00	n/a	$4.00-$12.00	n/a	$45.00-$60.00	Moderate Shortage
20,000 to 39,999	$35.00-$75.00	n/a	$4.00-$10.00	n/a	$45.00-$60.00	Balanced Market
40,000 to 59,999	$32.00-$60.00	n/a	$5.00-$10.00	n/a	$45.00-$60.00	Balanced Market
60,000 to 99,999	$30.00-$60.00	n/a	$5.00-$10.00	n/a	$45.00-$60.00	Moderate Oversupply
More Than 100,000	$30.00-$50.00	n/a	$3.75-$6.50	n/a	$50.00	Moderate Oversupply
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	n/a

MARKET DATA

TOTAL INVENTORY

Central City: 330,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY

Cent. City: 38,000,000 sq.ft.(11.5%)
Suburban: n/a

NET ABSORPTION

Central City: 10,000,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

NEW YORK CITY–BROOKLYN/QUEENS: INDUSTRIAL

Market Area: Brooklyn and Queens

1987 REVIEW

In 1987, absorption in the Brooklyn/Queens industrial market area was particularly strong in the warehouse and distribution sector, which accounted for 60 percent of the 10 million square feet of absorption. Another 35 percent of absorption was for use by manufacturing firms. The area maintained an 11.5 percent vacancy rate.

SIOR panelists report that the market continued to be strong with primary activity in buildings under 20,000 square feet. The shelf-life of space is increasing and the rate of absorption is decreasing causing vacancy rates to rise.

1988 FORECAST

In 1988, high-tech construction and absorption will decline six to 10 percent. Manufacturing construction and absorption, as well as warehouse/distribution absorption, will be down one to five percent. Site prices will increase one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 6-10%

CONSTRUCTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Down 6-10%

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	35%	5%
RATE OF NEW CONSTRUCTION **	Same	Down 11-15%	Down 50%
DOLLAR VOLUME - SALES **	Same	Same	Same
DOLLAR VOLUME - LEASES **	Down 1-5%	Down 6-10%	Down 30%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$20.00-$45.00	$12.00-$20.00	$8.00-$15.00	$4.50-$10.00	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$80.00-$100.00	n/a	$7.50-$8.50	n/a	$60.00	Substantial Shortage
5,000 to 19,999	$70.00-$100.00	n/a	$7.00-$8.00	n/a	$60.00	Moderate Shortage
20,000 to 39,999	$60.00-$85.00	n/a	$6.50-$8.00	n/a	$55.00	Balanced Market
40,000 to 59,999	$45.00-$65.00	n/a	$6.00-$8.00	n/a	$55.00	Moderate Oversupply
60,000 to 99,999	$35.00-$60.00	n/a	$5.00-$7.50	n/a	$50.00	Moderate Oversupply
More Than 100,000	$40.00-$60.00	n/a	$4.50-$6.00	n/a	$50.00	Balanced Market
High Tech/R & D	$80.00-$120.00	n/a	$9.00-$12.00	n/a	$100.00-$150.00	Balanced Market

NEW YORK–NASSAU/SUFFOLK COUNTIES: INDUSTRIAL

Market Area: New York City Suburbs–Nassau and Suffolk Counties

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 210,000,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 19,000,000 sq.ft.(9.0%)

NET ABSORPTION
Central City: n/a
Suburban: 9,000,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 800,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

There is a trend toward the conversion of large, older industrial buildings to discount retail space in the Nassau/Suffolk area. Also, high quality manufacturing space is being converted to high-tech space.

Vacancy rates remained at nine percent during 1987. Construction increased one to five percent for warehouse/distribution properties and six to 10 percent for manufacturing properties. Presently 800,000 square feet are under construction. Net absorption in 1987 was 9,000,000 square feet.

1988 FORECAST

SIOR panelists expect a one to five percent increase in sales and site prices in 1988. Construction of manufacturing and warehouse/distribution properties will decrease one to five percent. High-tech construction and absorption will decrease 11 to 15 percent.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 11-15%

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	30%	40%	30%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Up 6-10%	Same
DOLLAR VOLUME - SALES ••	Up 1-5%	Up 6-10%	Same
DOLLAR VOLUME - LEASES ••	Down 6-10%	Down 1-5%	Down 11-15%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$7.00-$15.00	$5.00-$9.00	$5.00-$9.00	$4.00-$6.00	n/a	n/a	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$85.00-$100.00	n/a	$7.50-$9.50	$75.00-$85.00	Moderate Shortage
5,000 to 19,999	n/a	$75.00-$80.00	n/a	$6.50-$7.50	$60.00-$70.00	Moderate Shortage
20,000 to 39,999	n/a	$55.00-$60.00	n/a	$6.00-$7.00	$50.00-$60.00	Balanced Market
40,000 to 59,999	n/a	$50.00-$55.00	n/a	$5.50-$6.50	$50.00-$60.00	Balanced Market
60,000 to 99,999	n/a	$50.00	n/a	$5.50-$6.50	$50.00-$55.00	Moderate Oversupply
More Than 100,000	n/a	$45.00-$50.00	n/a	$5.00-$6.00	$50.00-$55.00	Moderate Oversupply
High Tech/R & D	n/a	$85.00-$150.00	n/a	$8.00-$12.00	$75.00-$150.00	Moderate Shortage

NEW YORK–
ROCKLAND/WESTCHESTER COUNTIES: INDUSTRIAL

Market Area: New York City Suburbs–Rockland and Westchester Counties

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 33,300,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 1,665,000 sq.ft.(5.0%)

NET ABSORPTION
Central City: n/a
Suburban: 435,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 500,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

The Rockland/Westchester industrial economy was healthy, but not booming in 1987. Vacancies hovered around five percent and net absorption totalled 435,000 square feet. Currently 500,000 square feet are under construction. There has been a noticable shift in construction volume away from office to industrial projects.

There was a great demand for properties for sale and [illegible]stantial shortage of properties [illegible] all sizes available for sale. Also, there was a good deal of prime space available for lease, but at prices which discourage rapid absorption.

1988 FORECAST

SIOR panelists expect a one to five percent increase in manufacturing and warehouse/distribution sales and lease prices. Site prices will also increase one to five percent. High-tech construction will decline six to 10 percent in response to lagging activity for this type of property.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 6-10%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	17%	3%
RATE OF NEW CONSTRUCTION ••	Down 1-5%	Same	Up 1-5%
DOLLAR VOLUME - SALES ••	Down 11-15%	Down 11-15%	Down 11-15%
DOLLAR VOLUME - LEASES ••	Down 11-15%	Down 11-15%	Down 11-15%

•• Compared to A Year Ago

SITE PRICES
(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	$4.00-$10.00	$3.00-$8.00	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE
(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$100.00	n/a	$10.00	$65.00	Substantial Shortage
5,000 to 19,999	n/a	$80.00	n/a	$8.00	$60.00	Moderate Shortage
20,000 to 39,999	n/a	$75.00	n/a	$7.50	$55.00	Moderate Shortage
40,000 to 59,999	n/a	$70.00	n/a	$7.00	$50.00	Moderate Shortage
60,000 to 99,999	n/a	$67.00	n/a	$6.75	$45.00	Moderate Shortage
More Than 100,000	n/a	$65.00	n/a	$6.50	$40.00	Substantial Shortage
High Tech/R & D	n/a	$100.00	n/a	$14.00	$90.00	Moderate Oversupply

NORFOLK/VIRGINIA BEACH/CHESAPEAKE: INDUSTRIAL

Market Area: Norfolk, Virginia Beach and Chesapeake

1987 REVIEW

The Norfolk--Virginia Beach--Chesapeake market area is unusual because of its growing manufacturing base. Manufacturing employment grew at a 2.1 percent annual rate between 1975 and 1985. The area has a high concentration of military-related industrial firms. Also, the area's ports are important to the local and regional economy. Container traffic has been strong.

The Norfolk market has approximately 30 million square feet of industrial inventory. The current vacancy rate is seven percent. Net absorption in 1987 totalled 500,000 square feet.

1988 FORECAST

SIOR panelists in the Norfolk area expect industrial construction to decline six to 10 percent in 1988. Site prices will increase by 11 to 15 percent. Sales and lease prices will be stable.

DEMOGRAPHICS

POPULATION: 1,289,000
POPULATION GROWTH RATE: 2.0%
EMPLOYMENT GROWTH RATE: 3.1%
UNEMPLOYMENT RATE: 4.0%
PER CAPITA INCOME: $11,262

MARKET DATA

TOTAL INVENTORY

Central City: 30,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY

Central City: 2,100,000 sq.ft.(7.0%)
Suburban: n/a

NET ABSORPTION

Central City: 500,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION

Central City: 1,000,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME

Sales: Up 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	10%	30%
RATE OF NEW CONSTRUCTION **	Same	Same	Up 11-15%
DOLLAR VOLUME - SALES **	Same	Same	Same
DOLLAR VOLUME - LEASES **	Up 1-5%	Down 1-5%	Up 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$2.00-$4.00	$1.25-$3.00	$1.00-$2.00	$0.75-$1.00	$0.75	$0.50	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are ***GROSS*** prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$15.00-$30.00	n/a	$4.00-$5.00	n/a	$30.00	Moderate Shortage
5,000 to 19,999	$15.00-$29.00	n/a	$4.00-$5.00	n/a	$25.00	Moderate Shortage
20,000 to 39,999	$20.00-$30.00	n/a	$2.25-$3.80	n/a	$25.00	Balanced Market
40,000 to 59,999	$20.00-$30.00	n/a	$2.25-$3.50	n/a	$20.00	Balanced Market
60,000 to 99,999	$25.00-$30.00	n/a	n/a	n/a	$18.00	Moderate Shortage
More Than 100,000	$20.00-$30.00	n/a	n/a	n/a	$17.50	Balanced Market
High Tech/R & D	$30.00-$50.00	n/a	$5.00-$10.50	n/a	$40.00	Moderate Oversupply

OAKLAND: INDUSTRIAL

Market Area: Oakland, East Bay Cities, Hayward, and Union City

DEMOGRAPHICS

POPULATION: 1,908,000
POPULATION GROWTH RATE: 1.1%
EMPLOYMENT GROWTH RATE: 2.7%
UNEMPLOYMENT RATE: 4.5%
PER CAPITA INCOME: $15,137

MARKET DATA

TOTAL INVENTORY

Central City: 45,500,000 sq.ft.
Suburban: 64,000,000 sq.ft.

VACANT INVENTORY

Cent. City: 9,955,000 sq.ft.(21.9%)
Suburban: 14,800,000 sq.ft.(23.1%)

NET ABSORPTION

Central City: 3,800,000 sq.ft.
Suburban: 4,200,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 600,000 sq.ft.
Suburban: 2,900,000 sq.ft.

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

Oakland's industrial market is still overbuilt with moderate oversupplies of properties with between 5,000 and 100,000 square feet. High-tech/R & D space is substantially oversupplied. Warehousing and light industrial space is still in demand.

The Oakland area has over 109 million square feet of inventory. Vacancy rates are currently 21.9 to 23.1 percent. In 1987, 65 percent of absorption was for use in warehousing and distribution and 20 percent was for use by manufacturing firms. SIOR panelists report that the dollar volume of leases for warehousing and distribution increased 11 to 15 percent in 1987 compared to a year earlier.

1988 FORECAST

Strong construction activity will continue in 1988, especially new warehouse and distribution space. Absorption will be up sharply. Site prices will increase six to 10 percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME

Sales: Up 6-10%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	65%	20%	15%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 11-15%	Up 6-10%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$6.50	$6.00	$5.00	$4.65	$2.00	$1.00	$0.50
CENTRAL CITY	$6.50	$6.00	$5.00	$4.65	$2.00	$1.00	$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$55.00	$63.00	$5.40	n/a	$40.00	Balanced Market
5,000 to 19,999	$47.00	$50.00	$4.56	n/a	$36.00	Moderate Oversupply
20,000 to 39,999	$38.00	$45.00	$3.84	n/a	$32.00	Moderate Oversupply
40,000 to 59,999	$34.00	$42.00	$3.84	n/a	$32.00	Moderate Oversupply
60,000 to 99,999	$28.00	$28.00	$3.65	n/a	$30.00	Moderate Oversupply
More Than 100,000	$22.00	$22.00	$3.00	n/a	$28.00	Balanced Market
High Tech/R & D	$40.00	$40.00	$9.00	n/a	$60.00	Substantial Oversupply

OKLAHOMA CITY: INDUSTRIAL

Market Area: Oklahoma City Metropolitan Area

DEMOGRAPHICS

POPULATION: 976,000
POPULATION GROWTH RATE: 2.4%
EMPLOYMENT GROWTH RATE: 3.3%
UNEMPLOYMENT RATE: 5.2%
PER CAPITA INCOME: $12,212

MARKET DATA

TOTAL INVENTORY

Central City: 1,420,000 sq.ft.
Suburban: 60,000,000 sq.ft.

VACANT INVENTORY

Central City: 400,000 sq.ft.(28.2%)
Suburban: 6,200,000 sq.ft.(10.3%)

NET ABSORPTION

Central City: 20,000 sq.ft.
Suburban: 400,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 0 sq.ft.
Suburban: 200,000 sq.ft.

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

It appears the squeeze felt throughout the energy (oil) region has eased in Oklahoma City. The economic downturn experienced from 1983 through 1986 was caused by the collapse in oil and gas prices, adverse conditions in agriculture, and failures of financial institutions. During 1987, it seems the economy "bottomed out" and industrial real estate saw an increase in activity.

This good news is reflected in the job market. Unemployment in the Oklahoma City area is currently reported to be 5.2 percent and there was a net gain of approximately 8,000 new jobs last year.

1988 FORECAST

Expectations are that 1988 should be a good year for industrial real estate. New industries are relocating to the area. Absorption will increase, especially for warehouse and distribution space. Lease, sales, and site prices will all increase by one to five percent

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Down 1-5%

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	60%	20%	20%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Up 1-5%	Down 1-5%
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 1-5%	Down 1-5%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 1-5%	Down 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.00-$3.00	$0.90-$1.75	$0.50-$1.25	$0.40-$0.75	$0.40-$0.70	$0.35-$0.75	$0.30-$0.50
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$20.00-$40.00	n/a	$4.00-$6.00	$27.00	Balanced Market
5,000 to 19,999	n/a	$20.00-$30.00	n/a	$3.00-$5.50	$20.00	Balanced Market
20,000 to 39,999	n/a	$16.00-$25.00	n/a	$2.00-$2.75	$18.00	Balanced Market
40,000 to 59,999	n/a	$15.00-$20.00	n/a	$1.75-$2.30	$17.00	Balanced Market
60,000 to 99,999	n/a	$14.00-$18.00	n/a	$1.75-$2.50	$17.00	Moderate Oversupply
More Than 100,000	n/a	$13.00-$16.00	n/a	$1.50-$2.25	$17.00	Moderate Oversupply
High Tech/R & D	n/a	$22.00-$40.00	n/a	$5.00-$8.00	$35.00	Moderate Oversupply

OMAHA: INDUSTRIAL

Market Area: Omaha Metropolitan Area including the Southwest and West Industrial Park Areas

1987 REVIEW

Omaha currently has approximately 12 million square feet of industrial space in its market area. Vacancy rates range from 8.9 percent in the central city to 16 percent in the suburbs. Net absorption in 1987 totalled 680,000 square feet with leasing activity concentrated in the suburban areas.

New construction amounted to only 135,700 square feet. This follows a pattern of rapidly declining non-residential construction in Omaha during 1987. The farm economy and tax reform are cited as the primary reasons for a soft industrial market.

1988 FORECAST

In 1988, a recovery in agricultural exports and an active manufacturing sector will help the area's economy. Construction and absorption of warehouse/distribution and high-tech space will increase substantially. Lease, sales and site prices will increase up to 10 percent.

DEMOGRAPHICS

POPULATION: 612,000
POPULATION GROWTH RATE: 0.8%
EMPLOYMENT GROWTH RATE: 2.0%
UNEMPLOYMENT RATE: 4.9%
PER CAPITA INCOME: $12,169

MARKET DATA

TOTAL INVENTORY

Central City: 5,330,000 sq.ft.
Suburban: 6,766,000 sq.ft.

VACANT INVENTORY

Central City: 473,800 sq.ft.(8.9%)
Suburban: 1,083,000 sq.ft.(16.0%)

NET ABSORPTION

Central City: 130,000 sq.ft.
Suburban: 550,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 50,000 sq.ft.
Suburban: 85,700 sq.ft.

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Commercial Banks

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 11-15%

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME

Sales: Up 6-10%
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	65%	15%	20%
RATE OF NEW CONSTRUCTION ••	Down 11-15%	Down 11-15%	Same
DOLLAR VOLUME - SALES ••	Down 11-15%	Down 11-15%	Down 6-10%
DOLLAR VOLUME - LEASES ••	Down 6-10%	Down 6-10%	Down 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.00-$2.25	$1.50-$1.75	$1.25-$1.50	$0.90-$1.15	$0.50	$0.40	$0.30
CENTRAL CITY	$1.75-$1.90	$1.50-$1.70	$1.00-$1.10	$0.80-$0.90	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$30.00-$32.00	$32.00-$36.00	$2.75	$3.25-$3.50	$28.00-$30.00	Substantial Shortage
5,000 to 19,999	$21.00-$26.00	$25.00-$28.00	$2.50	$2.75-$3.00	$20.00-$25.00	Moderate Shortage
20,000 to 39,999	$18.00-$22.00	$22.00-$25.00	$2.00-$2.50	$2.50-$2.75	$18.00-$20.00	Moderate Shortage
40,000 to 59,999	$16.00-$18.00	$17.00-$20.00	$1.80-$2.00	$2.25-$2.50	$15.00-$16.00	Balanced Market
60,000 to 99,999	$14.00-$16.00	$15.00-$17.00	$1.60-$1.70	$2.00-$2.25	$14.00-$15.00	Balanced Market
More Than 100,000	$12.00-$14.00	$13.00-$15.00	$1.50-$1.70	$2.00-$2.25	$13.00-$14.00	Balanced Market
High Tech/R & D	$32.00-$35.00	$38.00-$40.00	$3.50-$4.25	$3.90-$4.75	$32.00-$35.00	Balanced Market

ORLANDO: INDUSTRIAL

Market Area: Orlando Metropolitan Area

DEMOGRAPHICS

POPULATION: 866,000
POPULATION GROWTH RATE: 4.1%
EMPLOYMENT GROWTH RATE: 6.1%
UNEMPLOYMENT RATE: 4.3%
PER CAPITA INCOME: $11,614

MARKET DATA

TOTAL INVENTORY
Central City: 38,700.000 sq.ft.
Suburban: 3,500,000 sq.ft.

VACANT INVENTORY
Central City: 1,932,000 sq.ft.(5.0%)
Suburban: 232,000 sq.ft.(6.6%)

NET ABSORPTION
Central City: 0 sq.ft.
Suburban: 0 sq.ft.

CURRENT CONSTRUCTION
Central City: 150,000 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Companies

1987 REVIEW

Orlando has a strong distribution-based industrial market with a growing interest by regional and national firms who see Florida as an autonomous market. The total industrial inventory is over 42 million square feet. Most of the industrial space is centrally located.

Vacancy rates range from five percent in the central city to 6.6 percent in suburban areas. Eighty-five percent of absorption in 1987 was for use in warehousing and distribution.

1988 FORECAST

In 1988, a whole new industry will come to Orlando – film and motion picture production. Absorption of warehouse/distribution and high-tech space will increase. Construction, however, will decline for all building types. Sales and lease prices will be stable except for slight gains in warehouse and distribution lease prices.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

CONSTRUCTION
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 11-15%
High Tech/R & D: Down 6-10%

DOLLAR VOLUME
Sales: Same
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	85%	5%	10%
RATE OF NEW CONSTRUCTION ••	Down 11-15%	Down 25%	Down 6-10%
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.50-$2.00	$1.50-$2.00	$1.50-$2.00	$1.72	1.00-$1.25	$0.50	$0.50
CENTRAL CITY	$2.00-$2.50	$2.00-$2.50	$2.00-$2.50	$2.00	n/a	$1.50	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	n/a	$4.75	$4.25	$30.00	Substantial Shortage
5,000 to 19,999	n/a	n/a	$3.25	$3.00	$25.00	Substantial Shortage
20,000 to 39,999	$28.00-$29.00	n/a	$2.85	$2.70	$20.00	Moderate Shortage
40,000 to 59,999	$22.00-$27.00	n/a	$2.85	$2.70	$18.00	Moderate Oversupply
60,000 to 99,999	n/a	n/a	$2.75	$2.70	$16.00	Moderate Oversupply
More Than 100,000	n/a	$19.00	$2.75	$2.50	$15.00	Moderate Oversupply
High Tech/R & D	n/a	n/a	$8.50	$8.50	$39.00	Balanced Market

PHILADELPHIA: INDUSTRIAL

Market Area: Philadelphia, and Bucks, Montgomery, Chester and Delaware Counties

1987 REVIEW

Philadelphia has a diverse mix of industries with high concentrations in printing, publishing, electrical machinery, and non-electrical machinery. The industrial real estate market is strong. Substantial shortages are reported for buildings with between 20,000 and 60,000 square feet. Moderate shortages are reported for buildings with between 5,000 and 20,000 square feet and buildings with between 60,000 and 100,000 square feet.

In the past two years, developers from outside the Delaware Valley have shown an interest in the market.

1988 FORECAST

In 1988, regional distribution center development will increase one to five percent. Lease and site prices will increase one to five percent. Sales prices of manufacturing and warehouse/distribution space will increase one to five percent.

DEMOGRAPHICS

POPULATION: 4,784,000
POPULATION GROWTH RATE: 0.3%
EMPLOYMENT GROWTH RATE: 1.0%
UNEMPLOYMENT RATE: 4.1%
PER CAPITA INCOME: $12,715

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: n/a

VACANT INVENTORY

Central City: 4,600,000 sq.ft.
Suburban: 11,950,000 sq.ft.

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Same
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Same	Up 1-5%
DOLLAR VOLUME - SALES ••	Same	Down 1-5%	Down 1-5%
DOLLAR VOLUME - LEASES ••	Down 6-10%	Up 1-5%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.50-$3.75	$2.00-$3.25	$2.00-$3.00	$1.50-$2.25	$1.25-$1.75	$1.00-$1.50	$0.75-$1.00
CENTRAL CITY	$1.25-$2.00	$1.00-$1.50	$1.00-$1.25	$0.75-$1.00	$1.00-$1.25	$0.75-$1.00	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$28.00-$32.00	$35.00-$45.00	$4.00-$5.00	$6.00-$7.00	$43.00	Balanced Market
5,000 to 19,999	$23.00-$26.00	$30.00-$38.00	$3.75-$4.50	$5.00-$6.00	$38.00	Moderate Shortage
20,000 to 39,999	$22.00-$24.00	$28.00-$32.00	$3.25-$4.50	$3.50-$5.00	$33.00	Substantial Shortage
40,000 to 59,999	$20.00-$21.00	$25.00-$30.00	$2.75-$3.50	$3.50-$5.00	$29.00	Substantial Shortage
60,000 to 99,999	$19.00-$20.00	$25.00-$30.00	$2.75-$3.00	$3.50-$4.75	$26.00	Moderate Shortage
More Than 100,000	$17.00-$20.00	$25.00-$27.00	$2.50-$3.00	$3.25-$4.25	$24.00	Balanced Market
High Tech/R & D	n/a	$55.00-$60.00	n/a	$9.00-$12.00	$56.00	Balanced Market

PHOENIX: INDUSTRIAL

Market Area: Phoenix Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,847,000
POPULATION GROWTH RATE: 3.8%
EMPLOYMENT GROWTH RATE: 6.9%
UNEMPLOYMENT RATE: 4.8%
PER CAPITA INCOME: $12,207

MARKET DATA

TOTAL INVENTORY

Central City & Suburban: 105,000,000 sq.ft.

VACANT INVENTORY

Centreal City & Suburban; 13,650,000 sq.ft.(13.0%)

NET ABSORPTION

Central City: 1,575,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION

Central City & Suburban: 2,500,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

SIOR panelists in Phoenix report that leasing activity is still strong but that sales activity has slowed considerably. In recent years, industrial development in the Phoenix area was largely driven by the need to place money rather than true user demand. The market quickly became overbuilt. Subsequently, the effects of tax reform in concert with R41C appraisal and finance requirements have hurt sales severely.

Space for lease is abundant at favorable, declining rates. There has been a notable increase in transactions involving leases, lease/options, and build-to-suits.

1988 FORECAST

Construction will continue at 1987's pace. Absorption of manufacturing and warehouse/distribution space will increase six to 10 percent. Sales and lease prices of high-tech properties will be off 30 percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 30%

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 30%

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Down 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	35%	65%	0%
RATE OF NEW CONSTRUCTION ••	Up 100%	Down 50%	Same
DOLLAR VOLUME - SALES ••	Down 11-15%	Down 6-10%	Down 25%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 11-15%	Down 25%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$4.50-$5.00	$3.75-$4.50	$3.50-$4.25	$3.00-$3.50	$2.00	$1.50-$2.00	$1.15-$1.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$50.00-$60.00	n/a	$5.40-$6.40	n/a	$20.00-$25.00	Moderate Shortage
5,000 to 19,999	$40.00-$50.00	n/a	$4.00-$5.40	n/a	$16.00-$20.00	Balanced Market
20,000 to 39,999	$30.00-$40.[illegible]	n/a	$3.00-$4.00	n/a	$12.00-$17.00	Moderate Oversupply
40,000 to 59,999	$25.00-$30.00	n/a	$2.50-$3.00	n/a	$11.00-$16.00	Balanced Market
60,000 to 99,999	$20.00-$25.00	n/a	$2.25-$2.50	n/a	$10.00-$15.00	Moderate Oversupply
More Than 100,000	$20.00-$25.00	n/a	$2.25-$2.50	n/a	$10.00-$15.00	Balanced Market
High Tech/R & D	$50.00	n/a	$3.00-$6.00	n/a	$50.00-$125.00	Substantial Oversupply

PITTSBURGH: INDUSTRIAL

Market Area: Pittsburgh Metropolitan Area including Beaver, Butler, Washington and Westmoreland Counties

DEMOGRAPHICS

POPULATION: 2,143,000
POPULATION GROWTH RATE: .7%
EMPLOYMENT GROWTH RATE: 0%
UNEMPLOYMENT RATE: 6.4%
PER CAPITA INCOME: $11,730

MARKET DATA

TOTAL INVENTORY

Central City: 60,000,000 sq.ft.
Suburban: 215,000,000 sq.ft.

VACANT INVENTORY

Central City: 3,050,000 sq.ft.(5.1%)
Suburban: 24,300,000 sq.ft.(11.3%)

NET ABSORPTION

Central City: 300,000 sq.ft.
Suburban: 800,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 140,000 sq.ft.
Suburban: 300,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Pittsburgh has had to overcome the precipitous decline of the steel industry and diversify its economy. The corporate headquarters of several large firms are based in Pittsburgh and, together with the city's educational institutions, they have promoted the growth of high-technology industries.

The diversifications of the area's industrial economy and the advent of several new industrial parks have given a boost to real estate markets in the area. Out of an inventory of nearly 275 million square feet, about 27 million square feet are vacant. Net absorption totalled 1.1 million square feet in 1987.

1988 FORECAST

SIOR panelists in Pittsburgh expect high-tech absorption to increase six to ten percent in 1988. Warehouse/distribution construction and absorption will be up one to five percent. Sales, lease and site prices will be stable or increase modestly.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 6-10%

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases : Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Down 1-5%	Same
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 1-5%	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 1-5%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.25	$1.25	$1.00	$1.00	$0.50	$0.50	$0.25
CENTRAL CITY	$6.00	n/a	[illegible].00	n/a	$3.00	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$20.00	$30.00	$5.00	$4.00	$35.00	Moderate Shortage
5,000 to 19,999	$20.00	$20.00	$2.00	$4.00	$32.00	Balanced Market
20,000 to 39,999	$10.00	$18.00	$2.50	$3.50	$28.00	Balanced Market
40,000 to 59,999	$12.00	$10.00	$2.00	$2.50	$27.00	Balanced Market
60,000 to 99,999	n/a	$25.00	$2.00	$2.50	$25.00	Moderate Shortage
More Than 100,000	$10.00	$13.00	$2.00	$2.50	$24.00	Substantial Oversupply
High Tech/R & D	n/a	$25.00	$6.00	$10.00	$75.00	Substantial Oversupply

PORTLAND, OR: INDUSTRIAL

Market Area: Portland Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,147,000
POPULATION GROWTH RATE: 0.7%
EMPLOYMENT GROWTH RATE: 2.4%
UNEMPLOYMENT RATE: 4.8%
PER CAPITA INCOME: $12,253

MARKET DATA

TOTAL INVENTORY

Central City: 75,000,000 sq.ft.
Suburban: 25,000,000 sq.ft.

VACANT INVENTORY

Cent. City: 7,500,000 sq.ft.(10.0%)
Suburban: 2,500,000 sq.ft.(10.0%)

NET ABSORPTION

Central City: 1,500,000 sq.ft.
Suburban: 1,500,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 800,000 sq.ft.
Suburban: 200,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

The Portland market area has approximately one million square feet of industrial inventory. Ten percent of the 75 million square feet of centrally located industrial space is vacant. One million square feet of new construction will be available for lease within 10 months.

One-half of absorption in 1987 was for use in warehousing and distribution. Forty percent of absorbed space was for use in manufacturing. Net absorption totalled three million square feet, split evenly between central city and suburban space.

1988 FORECAST

SIOR panelists are very optimistic about the Portland economy in 1988. Construction and absorption of manufacturing and warehouse/distribution space will increase six to 10 percent. Similarly, sales, lease, and site prices will all increase significantly.

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 6-10%
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	50%	40%	10%
RATE OF NEW CONSTRUCTION ••	Up 11-15%	Up 6-10%	Down 6-10%
DOLLAR VOLUME - SALES ••	Up 11-15%	Up 11-15%	Down 6-10%
DOLLAR VOLUME - LEASES ••	Up 11-15%	Up 11-15%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$3.50	$3.00	$2.50	n/a	$2.50	$1.00	$0.50
CENTRAL CITY	$4.00	$3.50	$3.20	n/a	$2.50	$2.50	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$20.00	$25.00	$2.28	$2.64	$20.00	Balanced Market
5,000 to 19,999	$20.00	$25.00	$2.28	$2.64	$20.00	Balanced Market
20,000 to 39,999	$20.00	$25.00	$2.28	$2.64	$20.00	Moderate Shortage
40,000 to 59,999	$20.00	$25.00	$2.28	$2.52	$20.00	Balanced Market
60,000 to 99,999	$20.00	$25.00	$2.16	$2.52	$18.00	Balanced Market
More Than 100,000	$20.00	$25.00	$2.16	$2.52	$18.00	Moderate Shortage
High Tech/R & D	n/a	$30.00	n/a	$7.20	$22.00	Moderate Oversupply

QUAD CITIES: INDUSTRIAL

Market Area: Davenport and Bettendorf, Iowa; Rock Island, Moline, and East Moline, Illinois

DEMOGRAPHICS

POPULATION: 377,000
POPULATION GROWTH RATE: -0.4%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 7.0%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: 12,000,000 sq. ft.
Suburban: 10,000,000 sq.ft.

VACANT INVENTORY

Central City: 4,000,000 sq.ft.(33%)
Suburban: 3,500,000 sq.ft.(35%)

NET ABSORPTION

Central City: 350,000 sq.ft.
Suburban: 500,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

The Quad Cities market area is located on the Mississippi River between Iowa and Illinois. The area's economy has a high concentration of heavy equipment manufacturers including John Deere, Caterpillar, Case, and International Harvestor. Having weathered a serious economic slump, the area's economy has stabilized.

The area has a large supply of vacant manufacturing facilities of various ages and conditions available at comparatively low prices. There is, however, a substantial shortage of small buildings with less than 5,000 square feet, and a moderate shortage of buildings with between 5,000 and 60,000 square feet.

1988 FORECAST

SIOR panelists expect the competitive nature of the existing supply of buildings to benefit overall leasing and sales activity in 1988. Absorption of warehouse/distribution and manufacturing space will increase by six to 15 percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME

Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	20%	5%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Up 11-15%	Up 6-10%	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 11-15%	Up 1-5%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.50-$0.75	$0.40-$0.75	$0.30-$0.60	$0.15-$0.25	$0.15-$0.25	$0.10-$0.20	$0.10-$0.20
CENTRAL CITY	$0.50-$1.00	$0.50-$0.80	$0.35-$0.75	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$16.00-$20.00	$14.00-$18.00	$2.00	$2.50	$25.00	Substantial Shortage
5,000 to 19,999	$12.00-$16.00	$12.00-$14.00	$1.50	$2.25	$22.00	Moderate Shortage
20,000 to 39,999	$10.00-$12.00	$11.00-$13.00	$1.25	$1.75	$20.00	Moderate Shortage
40,000 to 59,999	$10.00-$12.00	$10.00-$12.00	$1.25	$1.50	$17.50	Moderate Shortage
60,000 to 99,999	n/a	$9.00-$11.00	$1.00	$1.25	n/a	Balanced Market
More Than 100,000	n/a	n/a	$1.00	$1.00	n/a	Moderate Oversupply
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	Balanced Market

RALEIGH: INDUSTRIAL

Market Area: Raleigh Metropolitan Area including Wake County

DEMOGRAPHICS

POPULATION: 632,000
POPULATION GROWTH RATE: 2.3%
EMPLOYMENT GROWTH RATE: 5.2%
UNEMPLOYMENT RATE: 3.0%
PER CAPITA INCOME: $12,210

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: n/a

VACANT INVENTORY

Central City: n/a
Suburban: n/a

NET ABSORPTION

Cental City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

Raleigh's economy continues on a trend of modest growth. The overbuilt conditions that have prevailed during 1986 and part of 1987 are improving as steady absorption has reduced the available inventory of industrial space.

Forty percent of total absorption in 1987 was for use in manufacturing and 40 percent was for use in warehousing and distribution. The vacancy situation is generally balanced except for a moderate shortage of buildings with between 60,000 and 100,000 square feet. Pricing has stabilized and unjustified increases have almost disappeared.

1988 FORECAST

SIOR panelists expect significant increases in construction, especially new manufacturing space. Absorption of all types of industrial space will increase moderately. The impact of American Airlines is progressing toward the major surge originally anticipated.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 6-10%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	40%	20%
RATE OF NEW CONSTRUCTION ••	Down 11-15%	Same	Same
DOLLAR VOLUME - SALES ••	Down 1-5%	Down 1-5%	Same
DOLLAR VOLUME - LEASES ••	Down 6-10%	Down 6-10%	Down 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$3.50	$1.75	$1.00-$2.25	$1.00-$2.00	$1.25-$2.00	$1.00-$1.50	$0.75-$1.10
CENTRAL CITY	$4.00	$3.25	$3.00	$2.25	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00-$35.00	$25.00-$35.00	$3.75	$5.25	$30.00	Balanced Market
5,000 to 19,999	$20.00-$30.00	$20.00-$30.00	$3.25	$4.00-$5.00	$20.00-$25.00	Moderate Oversupply
20,000 to 39,999	$20.00-$28.00	$20.00-$30.00	$3.00	$3.00-$4.00	$17.00-$20.00	Balanced Market
40,000 to 59,999	$18.00-$25.00	$18.00-$25.00	n/a	$1.75-$2.75	$15.00-$17.00	Balanced Market
60,000 to 99,999	n/a	$20.00	n/a	$1.75-$2.75	$13.00-$15.00	Moderate Shortage
More Than 100,000	n/a	$18.00	n/a	$1.60-$2.10	$12.00-$15.00	n/a
High Tech/R & D	n/a	$40.00	n/a	$6.00-$8.00	$25.00-$40.00	Moderate Oversupply

RENO: INDUSTRIAL

Market Area: Reno Metropolitan Area including Sparks and north to Reno-Stead, Nevada

1987 REVIEW

The Reno-Sparks, Nevada economy is very healthy. The area is increasingly recognized as a strategic location from which to distribute products among the 11 Western states. Eight out of 10 square feet absorbed in 1987 were for use in warehousing and distribution.

The market area has nearly 25 million square feet of industrial space, most of which is centrally located. The vacancy rate for central city space is only 4.8 percent. Moderate shortages exist for buildings with more than 40,000 square feet and high-tech R & D space. There is a critical need for prime buildings with less than 5,000 square feet.

1988 FORECAST

Construction of manufacturing and warehouse/distribution space will increase again by one to five percent. Similarly, there will be marginal increases in lease prices.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Same
Leases: Up 1-5%

DEMOGRAPHICS

POPULATION: 106,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.5%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: 21,740,000 sq.ft.
Suburban: 3,160,000 sq.ft.

VACANT INVENTORY

Central City: 1,054,000 sq.ft.(4.8%)
Suburban: 80,000 sq.ft.(2.5%)

NET ABSORPTION

Central City: 730,000 sq.ft.
Suburban: 45,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 348,500 sq.ft.
Suburban: 151,500 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	19%	1%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Up 1-5%	Up 1-5%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.50-$2.00	Up $1.25-$1.75	$1.00-$1.60	$0.75-$1.10	$0.50-$1.25	$0.25-$0.75	$0.25-$0.50
CENTRAL CITY	$2.25-$3.25	$2.20-$2.75	$2.00-$2.35	$1.75-$2.00	$1.50-$2.75	$1.00-$1.50	$0.50-$1.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$35.00-$45.00	$24.00-$36.00	$3.60-$5.40	$3.06-$4.59	$30 & up	Substantial Shortage
5,000 to 19,999	$30.00-$35.00	$19.00-$28.00	$2.88-$4.20	$2.45-$3.57	$20.00-$22.00	Balanced Market
20,000 to 39,999	$21.00-$30.00	$17.00-$24.00	$2.76-$3.36	$2.35-$2.88	$18.00-$22.00	Balanced Market
40,000 to 59,999	$20.00-$26.00	$17.00-$21.00	$2.64-$3.12	$2.24-$2.88	$18.00-$22.00	Moderate Shortage
60,000 to 99,999	$19.00-$24.00	$17.00-$20.00	$2.52-$3.00	$2.14-$2.88	$16.00-$18.00	Moderate Shortage
More Than 100,000	$19.00-$20.00	$17.00-$19.00	$2.40-$2.76	$2.04-$2.88	$15.00-$17.00	Moderate Shortage
High Tech/R & D	n/a	n/a	$6.00-$12.00	n/a	$25.00 & up	Moderate Shortage

RICHMOND: INDUSTRIAL

Market Area: Richmond Metropolitan Area including Henrico and Chesterfield Counties

DEMOGRAPHICS

POPULATION: 801,000
POPULATION GROWTH RATE: 1.0%
EMPLOYMENT GROWTH RATE: 2.4%
UNEMPLOYMENT RATE: 3.4%
PER CAPITA INCOME: $13.027

MARKET DATA

TOTAL INVENTORY

Central City: 3,800,000 sq.ft.
Suburban: 6,800,000 sq.ft.

VACANT INVENTORY

Central City: 100,000 sq.ft.(2.6%)
Suburban: 665,000 sq.ft.(9.8%)

NET ABSORPTION

Central City: 275,000 sq.ft.
Suburban: 650,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 100,000 sq.ft.
Suburban: 700,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Historically, Richmond's economy has been stable, marked by low unemployment and steady growth. SIOR panelists report that regional and national developers as well as manufacturing firms – primarily foreign – have moved into the Richmond area.

In 1987, industrial vacancies were only 2.6 percent in the central city and 9.8 percent in the suburbs. A total of 925,000 square feet was absorbed and another 800,000 square feet is under construction.

1988 FORECAST

As the market tightens up, site prices will increase six to 10 percent in 1988. Sales prices and manufacturing lease prices should increase one to five percent. Lease prices for warehouse/distribution and high-tech space will remain at 1987 levels.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	45%	10%	45%
RATE OF NEW CONSTRUCTION ••	Same	Up 6-10%	Same
DOLLAR VOLUME - SALES ••	Up 1-5%	Up 6-10%	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.50-$2.50	$1.25-$1.50	$1.00	$0.85	$0.50	$0.50	$0.50
CENTRAL CITY	$2.00	$1.70	$1.25	$0.75	$1.00	$0.50	$0.50

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00	$30.00-$40.00	$4.00	$5.00	$30.00	Moderate Oversupply
5,000 to 19,999	$20.00	$22.00	$3.00	$3.50	$26.50	Balanced Market
20,000 to 39,999	$18.00	$20.00	$2.35	$2.60	$22.00	Moderate Shortage
40,000 to 59,999	$15.00	$20.00	$2.00	$2.60	$25.00	Moderate Shortage
60,000 to 99,999	$15.00	$16.00	$1.85	$2.60	$23.00	Moderate Shortage
More Than 100,000	$15.00	$18.00	$2.25	$2.75	$20.00	Moderate Shortage
High Tech/R & D	n/s	$45.00	$5.50	$5.50	$40.00	Balanced Market

ROANOKE: INDUSTRIAL

Market Area: Salem and Roanoke Metropolitan Area including Roanoke County

1987 REVIEW

The Roanoke market area has over 15 million square feet of industrial space. Less than five percent of the 8.5 million square feet of suburban space is currently vacant. Absorption in suburban areas outpaced construction by 200,000 square feet. Seventy percent of total absorption was for use in warehousing and distribution.

The vacancy situation is actually tight. The area is experiencing shortages of 5,000 square foot multi-purpose buildings and buildings with 5,000 to 20,000 square feet.

1988 FORECAST

Despite shortages of certain types of properties, current rents are under those needed to spur new construction. But in 1988 rising rents may encourage new speculative construction. Roanoke's economy is not booming, but it is stable and 1988 could be an above average year.

DEMOGRAPHICS

POPULATION: 245,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 3.6%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City:6,750,000 sq.ft.
Suburban: 8,500,000 sq.ft.

VACANT INVENTORY

Central City: 450,000 sq.ft.(6.7%)
Suburban: 400,000 sq.ft.(4.7%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: 500,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SCURCE OF FINANCING

Commercial Banks

OUTLOOK

SALES PRICES

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

LEASE PRICES

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 6-10%

CONSTRUCTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 6-10%
Leases : Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 6-10%	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Up 1-6%	Up 6-10%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.00-$1.25	$0.75-$1.25	$0.50-$1.00	n/a	$0.50-$0.75	$0.25-$0.75	$0.25-$0.50
CENTRAL CITY	$0.75-$1.25	$0.75-$1.00	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$14.00-$18.00	$15.00-$25.00	$1.75-$2.25	$3.00-$4.25	$20.00	Substantial Shortage
5,000 to 19,999	$12.00-$15.00	$15.00-$20.00	$1.50-$2.00	$2.50-$3.50	$18.00	Moderate Shortage
20,000 to 39,999	$8.00-$12.00	$12.00-$16.00	$1.25-$2.00	$2.00-$2.50	$16.00	Moderate Shortage
40,000 to 59,999	$8.00-$10.00	$10.00-$15.00	$1.25-$2.00	$1.75-$2.75	$15.00	Moderate Shortage
60,000 to 99,999	$8.00-$10.00	$10.00-$14.00	$1.25-$2.00	$1.75-$2.00	$15.00	Balanced Market
More Than 100,000	$8.00-$10.00	$10.00-$14.00	$1.00-$1.75	$1.75-$2.00	$14.00	Balanced Market
High Tech/R & D	n/a	n/a	$4.00-$4.50	$4.00-$4.50	n/a	Balanced Market

SACRAMENTO: INDUSTRIAL

Market Area: Sacramento Metropolitan Area

DEMOGRAPHICS

POPULATION: 304,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: 4.0%
UNEMPLOYMENT RATE: 5.4%
PER CAPITA INCOME: $11,868

MARKET DATA

TOTAL INVENTORY

Central City: 44,900,000 sq.ft.
Suburban: n/a

VACANT INVENTORY

Cent. City: 7,318,700 sq.ft.(16.3%)
Suburban: n/a

NET ABSORPTION

Central City: 1,500,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION

Central City: 1,200,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

Sacramento's industrial market showed steady growth in 1987. Although the vacancy rate is a relatively high 16.3 percent, net absorption was very strong with 1,500,000 square feet of space leased in 1987. New construction totalled 1,200,000 square feet. Overall, the industrial market was balanced, with the exception of a moderate oversupply of properties with more than 60,000 square feet.

Warehouse and distribution space was the most active segment of the market with the dollar volume of sales increasing six to 10 percent compared to 1986.

1988 FORECAST

SIOR panelists in Sacramento expect warehouse and distribution construction to decrease one to five percent in 1988. Lease prices will be uniformly stable. Site prices and sales prices for warehouse/distribution properties will edge up one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	n/a	n/a
RATE OF NEW CONSTRUCTION ••	Same	Down 1-5%	Same
DOLLAR VOLUME - SALES ••	Up 6-10%	Down 1-5%	Same
DOLLAR VOLUME - LEASES ••	Up 1-5%	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$3.75	$3.25	$2.75	$2.50	$1.75	$1.30	$1.25

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$45.00	n/a	$4.20	n/a	$22.00	Balanced Market
5,000 to 19,999	$37.00	n/a	$3.36	n/a	$20.00	Balanced Market
20,000 to 39,999	$30.00	n/a	$3.00	n/a	$18.00	Balanced Market
40,000 to 59,999	$28.00	n/a	$2.76	n/a	$16.25	Balanced Market
60,000 to 99,999	$25.00	n/a	$2.40	n/a	$14.00	Moderate Oversupply
More Than 100,000	$24.00	n/a	$2.26	n/a	$12.50	Moderate Oversupply
High Tech/R & D	$60.00	n/a	$8.40	n/a	$25.00	Balanced Market

SAN ANTONIO: INDUSTRIAL

Market Area: San Antonio Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,236,000
POPULATION GROWTH RATE: 2.7%
EMPLOYMENT GROWTH RATE: 4.4%
UNEMPLOYMENT RATE: 7.8%
PER CAPITA INCOME: $10,675

MARKET DATA

TOTAL INVENTORY

Central City: 12,700,000 sq.ft.
Suburban: 40,850,000 sq.ft.

VACANT INVENTORY

Central City: 1,100,000 sq.ft.(8.7%)
Suburban: 7,250,000 sq.ft.(17.7%)

NET ABSORPTION

Central City: 0 sq.ft.
Suburban: 0 sq.ft.

CURRENT CONSTRUCTION

Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

San Antonio has a comparatively small manufacturing base. The city's industrial real estate inventory is, therefore, more oriented toward warehousing/distribution and high-technology properties than is the core nationwide. In 1987, 70 percent of industrial absorption was for use in warehousing and distribution.

The market is currently substantially oversupplied. Construction has stopped completely and dollar volumes of sales and leases are down substantially except for high-tech sales which are stable. The market area has over 53 million square feet of industrial space. Vacancy rates range from 8.7 percent in the central city to 17.7 percent in the suburbs.

1988 FORECAST

SIOR panelists expect 1988 to be another tough year for industrial real estate. Construction and absorption will remain negligible putting increased downward pressure on lease prices. Dollar volumes of sales and leases will be off by 11 to 15 percent.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Down 6-10%
Warehouse/Distribution:Down 6-10%
High Tech/R & D: Down 6-10%

ABSORPTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Down 11-15%
Leases: Down 11-15%

PROFILE OF BUILDINGS BY TYPE

—	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	15%	15%
RATE OF NEW CONSTRUCTION ••	Down 100%	Down 100%	Same
DOLLAR VOLUME - SALES ••	Down 65%	Down 80%	Same
DOLLAR VOLUME - LEASES ••	Down 40%	Down 55%	Down 35%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.75-$3.00	$1.25-$2.50	$1.25-$2.50	$1.00-$2.00	$0.65-$1.25	$0.50-$1.00	$0.35-$0.75
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$30.00-$35.00	n/a	$3.12-$4.56	$21.00-$25.00	Substantial Oversupply
5,000 to 19,999	n/a	$25.00-$30.00	$2.40-$3.24	$2.28-$3.12	$17.00-$21.00	Substantial Oversupply
20,000 to 39,999	n/a	$17.00-$20.00	$2.04-$2.40	$1.92-$2.28	$13.00-$17.00	Substantial Oversupply
40,000 to 59,999	n/a	$17.00-$20.00	n/a	$1.92-$2.28	$13.00-$17.00	Substantial Oversupply
60,000 to 99,999	$20.00-$25.00	$16.00-$19.00	n/a	$1.80-$2.16	$11.00-$13.00	Substantial Oversupply
More Than 100,000	n/a	$15.00-$18.00	n/a	$1.80-$2.16	$10.00-$12.00	Substantial Oversupply
High Tech/R & D	n/a	$35.00-$40.00	n/a	$4.80-$6.60	$24.00-$27.00	Substantial Oversupply

SAN DIEGO: INDUSTRIAL

Market Area: San Diego Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,133,000
POPULATION GROWTH RATE: 2.6%
EMPLOYMENT GROWTH RATE: 5.0%
UNEMPLOYMENT RATE: 4.4%
PER CAPITA INCOME: $12,462

MARKET DATA

TOTAL INVENTORY

Central City: 22,745,000 sq.ft.
Suburban: 21,655,138 sq.ft.

VACANT INVENTORY

Cent. City: 3,746,801 sq.ft.(16.5%)
Suburban: 4,220,033 sq.ft.(19.5%)

NET ABSORPTION

Central City: 2,064,128 sq.ft.
Suburban: 1,820,811 sq.ft.

CURRENT CONSTRUCTION

Central City: 2,164,447 sq.ft.
Suburban: 1,413,957 sq.ft.

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

The San Diego area has enjoyed very strong economic growth in recent years. The city's employment base has grown at an average annual rate of five percent between 1975 and 1985.

San Diego has an industrial inventory of over 44 million square feet including an unusually high concentration of high-tech space. In 1987, 46 percent of absorption was for use by high-tech/R & D firms. However, there is a substantial oversupply of high-tech space. Industrial buildings with more than 60,000 square feet are in moderately short supply.

1988 FORECAST

SIOR panelists in San Diego expect another record year for absorption with all types of industrial properties realizing gains of six to 10 percent. Site and lease prices of high-tech and warehouse/distribution space will be up one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	31%	23%	46%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Same	Up 1-5%
DOLLAR VOLUME - SALES ••	Same	Same	Down 1-5%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 1-5%	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$7.00-$9.00	$7.00-$9.00	$6.00-$9.00	$5.00-$8.00	$3.00-$5.00	$2.00-$5.00	$2.00-$3.00
CENTRAL CITY	$10.00-$15.00	$10.00-$15.00	$9.00-$13.00	$8.00-$9.00	$6.00-$7.00	$3.00-$5.00	$2.00-$3.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$60.00-$65.00	$50.00-$55.00	$6.60-$7.20	$6.00-$6.24	$27.00-$30.00	Moderate Oversupply
5,000 to 19,999	$50.00-$60.00	$47.00-$54.00	$5.76-$6.24	$5.04-$5.64	$24.00-$27.00	Moderate Oversupply
20,000 to 39,999	$45.00-$55.00	$40.00-$45.00	$5.04-$5.64	$4.80-$5.46	$18.00-$22.00	Balanced Market
40,000 to 59,999	$45.00-$50.00	$40.00-$45.00	$4.80-$5.40	$4.56-$5.16	$16.00-$20.00	Balanced Market
60,000 to 99,999	$40.00-$45.00	$37.00-$45.00	$4.56-$5.04	$4.20-$4.80	$15.00-$18.00	Moderate Shortage
More Than 100,000	$40.00-$45.00	$37.00-$45.00	$4.32-$4.80	$4.20-$4.80	$14.00-$16.00	Moderate Shortage
High Tech/R & D	$75.00-$90.00	$70.00-$80.00	$10.20-$11.40	$8.40-$9.60	$24.00-$26.00	Substantial Oversupply

SAN FRANCISCO: INDUSTRIAL

Market Area: San Francisco Metropolitan Area

DEMOGRAPHICS

POPULATION: 1,576,000
POPULATION GROWTH RATE: 1.1%
EMPLOYMENT GROWTH RATE: 1.5%
UNEMPLOYMENT RATE: 3.4%
PER CAPITA INCOME: $18,123

MARKET DATA

TOTAL INVENTORY

Central City: 21,523,000 sq.ft.
Suburban: n/a

VACANT INVENTORY

Cent. City: 3,000,000 sq.ft.(13.9%)
Suburban: n/a

NET ABSORPTION

Central City: 1,000,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION

Central City: 1,500,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

San Francisco's Industrial market is relatively small given the size of the city. This is, of course, due to the relocation of a significant portion of the Bay Area industrial activity to more outlying - and lower cost locations. The San Francisco market area currently has approximately 21.5 million square feet of industrial space. The vacancy rate is 13.9 percent.

Net absorption totalled one million square feet in 1987. There is a moderate shortage of buildings with between 5,000 and 20,000 square feet. High-tech space is still oversupplied and dollar volumes of high-tech sales and leases are off 11 to 15 percent compared to 1986.

1988 FORECAST

Construction and absorption of manufacturing and high-tech properties will be down significantly in 1988. SIOR panelists report a softening of the industrial market with dollar volumes and site prices sliding back up to 10 percent. Sales and lease prices will be stable.

OUTLOOK

SALES PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Down 11-15%
Warehouse/Distribution: Same
High Tech/R & D: Down 6-10%

CONSTRUCTION

Manufacturing: Down 11-15%
Warehouse/Distribution: Same
High Tech/R & D: Down 6-10%

DOLLAR VOLUME

Sales: Down 1-5%
Leases: Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	n/a	na%	n/a
RATE OF NEW CONSTRUCTION ••	Down 1-5%	Down 6-10%	Down 11-15%
DOLLAR VOLUME - SALES ••	Up 6-10%	Down 1-5%	Down 11-15%
DOLLAR VOLUME - LEASES ••	Down 1-5%	Up 1-5%	Down 11-15%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$75.00	n/a	$7.20	n/a	$55.00	Balanced Market
5,000 to 19,999	$65.00	n/a	$5.64	n/a	$30.00	Moderate Shortage
20,000 to 39,999	$40.00	n/a	$4.20	n/a	$25.00	Balanced Market
40,000 to 59,999	n/a	n/a	$3.60	n/a	n/a	Balanced Market
60,000 to 99,999	n/a	n/a	n/a	n/a	n/a	Balanced Market
More Than 100,000	n/a	n/a	n/a	n/a	n/a	Balanced Market
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	Moderate Oversupply

SANTA CLARA COUNTY: INDUSTRIAL

Market Area: Santa Clara County

DEMOGRAPHICS

POPULATION: 1,398,000
POPULATION GROWTH RATE: 1.5%
EMPLOYMENT GROWTH RATE: 5.4%
UNEMPLOYMENT RATE: 4.0%
PER CAPITA INCOME: $16,259

MARKET DATA

TOTAL INVENTORY
Central City: 165,000,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Cent. City: 23,000,000 sq.ft.(13.9%)
Suburban: n/a

NET ABSORPTION
Central City: 3,214,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 1,300,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Tight

PRIME SOURCE OF FINANCING
Insurance Companies

1987 REVIEW

Santa Clara's industrial market is improving steadily. Silicon Valley firms are growing and profitable again. In 1987, the industrial vacancy rate was 13.9 percent. Absorption totalled 3,214,000 square feet which is about 14 percent of the vacant inventory. Currently, 1,300,000 square feet of new space is under construction.

Land prices have stabilized but speculative activity is intensifying. There is a moderate shortage of properties with more than 60,000 square feet. SIOR panelists report that there still is a substantial oversupply of high-tech space as well as properties with 20,000 to 60,000 square feet.

1988 FORECAST

Construction of warehouse/distribution and high-tech properties will increase six to 10 percent. Sales prices will increase 11 to 15 percent for manufacturing properties. Site prices will increase significantly, rising 11 to 15 percent.

OUTLOOK

SALES PRICES
Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Up 11-15%

CONSTRUCTION
Manufacturing: Down 11-15%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 6-10%

DOLLAR VOLUME
Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	0%	10%	90%
RATE OF NEW CONSTRUCTION ••	Down 60%	Down 80%	Down 60%
DOLLAR VOLUME - SALES ••	Down 11-15%	Down 11-15%	Down 11-15%
DOLLAR VOLUME - LEASES ••	Down 11-15%	Down 6-10%	Down 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$5.00	$5.00	$5.00	$5.00	$3.00	$3.00	$3.00

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	n/a	$7.20	n/a	$27.00	Moderate Oversupply
5,000 to 19,999	n/a	n/a	$4.44	n/a	$21.00	Moderate Oversupply
20,000 to 39,999	n/a	n/a	$4.20	n/a	$17.00	Substantial Oversupply
40,000 to 59,999	n/a	n/a	$3.96	n/a	$15.00	Substantial Oversupply
60,000 to 99,999	n/a	n/a	$3.60	n/a	$15.00	Moderate Shortage
More Than 100,000	n/a	n/a	$3.60	n/a	$15.00	Moderate Shortage
High Tech/R & D	$40.00-$50.00	n/a	$7.80	n/a	$22.00	Substantial Oversupply

SARASOTA/BRADENTON: INDUSTRIAL

Market Area: Bradenton and Sarasota, FL

1987 REVIEW

The Sarasota/Bradenton industrial market was fairly balanced in 1987. The overall vacancy rate is 13.5 percent. There are, however, shortages of properties with between 20,000 and 60,000 square feet. Manufacturing accounted for over one-half of the total absorption in 1987.

New industrial starts are slow because impact fees, which almost doubled in 1987, have stalled the building of speculative space. The rate of construction is down moderately compared to a year ago.

1988 FORECAST

As absorption outpaces construction, a tightening market will cause marginal increases in rental rates. Manufacturing absorption is expected to increase six to 10 percent in 1988. Warehouse and distribution absorption will be up one to five percent. Manufacturing and warehouse/distribution sales prices will edge upward one to five percent. All lease prices will experience moderate increases.

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 3.9%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: 12,950,425 sq.ft.

VACANT INVENTORY

Central City: n/a
Suburban: 1,744,684 sq.ft.(13.5%)

NET ABSORPTION

Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION

Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Commercial Banks

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Up 6-10%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	47%	$52.00	1%.
RATE OF NEW CONSTRUCTION ••	Down 1-5%	Down 1-5%	Same
DOLLAR VOLUME - SALES ••	Down 1-5%	Down 1-5%	Same
DOLLAR VOLUME - LEASES ••	Down 1-5%	Down 1-5%	Down 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.90	$1.75	$1.50	$1.00	$0.85	$0.65	$0.50
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$35.00	n/a	$4.00	$29.00	Balanced Market
5,000 to 19,999	n/a	$32.50	n/a	$3.60	$24.00	Balanced Market
20,000 to 39,999	n/a	$26.00	n/a	$3.25	$20.50	Moderate Shortage
40,000 to 59,999	n/a	$20.00	n/a	$2.90	$18.00	Substantial Shortage
60,000 to 99,999	n/a	n/a	n/a	n/a	n/a	Balanced Market
More Than 100,000	n/a	n/a	n/a	n/a	n/a	Balanced Market
High Tech/R & D	n/a	n/a	n/a	n/a	$40.00	Balanced Market

SEATTLE: INDUSTRIAL

Market Area: Seattle plus remainder of King County, Snohomish and Pierce Counties

DEMOGRAPHICS

POPULATION: 1,724,000
POPULATION GROWTH RATE: 1.3%
EMPLOYMENT GROWTH RATE: 4.1%
UNEMPLOYMENT RATE: 5.5%
PER CAPITA INCOME: $13,678

MARKET DATA

TOTAL INVENTORY
Central City: 43,255,952 sq.ft.
Suburban: 91,353,139 sq.ft.

VACANT INVENTORY
Central City: 2,140,416 sq.ft.(4.9%)
Suburban: 6,963,209 sq.ft.(7.6%)

NET ABSORPTION
Central City: -440,451 sq.ft.
Suburban: 758,192 sq.ft.

CURRENT CONSTRUCTION
Central City: 800,000 sq.ft.
Suburban: 2,600,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1987 REVIEW

Aircraft and aerospace manufacturing and trade through the ports of Seattle and Tacoma are the primary sources of economic activity in this market area. Other industries that are important include heavy equipment manufacturing, forest products and computer software. High technology industries have increasingly become part of the area's economic base.

Industrial buildings close to the docks and the downtown financial center have very low vacancy rates. While vacancy rates for suburban warehouse space increased slightly in 1987, the glut of high-tech/R & D space has been substantially reduced.

1988 FORECAST

SIOR panelists in the Seattle area expect generally stable market conditions in 1988. Absorption of warehouse and distribution space will decline modestly but, otherwise, construction, absorption, prices and dollar volumes will remain unchanged.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases : Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	55%	25%	20%
RATE OF NEW CONSTRUCTION ••	Down 1-5%	Same	Up 1-5%
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$4.00	$3.75	$3.50	$3.50	$1.75	$1.25	$1.00
CENTRAL CITY	$8.00-$12.00	$8.00-$9.00	$7.00-$9.00	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$50.00	n/a	$5.40	$5.40	$30.00	Moderate Oversupply
5,000 to 19,999	$35.00	$42.00	$4.20	$3.96	$22.00	Balanced Market
20,000 to 39,999	$33.00	$36.00-$38.00	$3.96	$3.60	$20.00	Moderate Oversupply
40,000 to 59,999	$31.00	$34.00-$36.00	$3.60	$3.36	$18.00	Balanced Market
60,000 to 99,999	$30.00	$28.00-$30.00	$3.36	$3.00	$16.00	Balanced Market
More Than 100,000	$28.00	$26.00	$3.12	$2.64	$14.00	Balanced Market
High Tech/R & D	n/a	$90.00	$14.00	$12.00	$30.00	Moderate Oversupply

SOUTH BEND: INDUSTRIAL

Market Area: South Bend, Mishawaka, Elkhart, Goshen, Granger, Oseola, and Middleberry

DEMOGRAPHICS

POPULATION: 107,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.2%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: 20,000,000 sq.ft.
Suburban: 13,000,000 sq.ft.

VACANT INVENTORY

Cent. City: 2,000,000 sq.ft.(10.0%)
Suburban: 1,300,000 sq.ft.(10.0%)

NET ABSORPTION

Central City: 100,000 sq.ft.
Suburban: 500,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 100,000 sq.ft.
Suburban: 500,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

SIOR panelists in South Bend report that the area's "rust belt" economy showed new promise in 1987. The strength of industrial production nationwide shwos in cities like South Bend wher e90 percent of absorption during 1987 was for use by manufacturing firms.

The market area has approximately 33 million square feet of industrial inventory. Vacancies are currently 10 percent. Net absorption totalled 600,000 square feet. Construction of manufacturing space is up six to 10 percent compared to 1986. Moderate to substantial shortages exist for industrial buildings with less than 60,000 square feet. Larger structures, however, are oversupplied.

1988 FORECAST

Despite modest expectations for economic growth, the outlook for industrial construction and absorption is very strong. Sales and lease prices of manufacturing and warehouse/distribution space will increase one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases
: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	10%	90%	0%
RATE OF NEW CONSTRUCTION ••	Same	Up 6-10%	Same
DOLLAR VOLUME - SALES ••	Same	Up 6-10%	Same
DOLLAR VOLUME - LEASES ••	Same	Up 6-10%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.50	$0.50	$0.50	$0.50	$0.40	$0.20	$0.15
CENTRAL CITY	$0.65	$0.65	$0.60	$0.50	$0.40	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$21.00	$21.00	$2.75	$2.75	$22.00	Substantial Shortage
5,000 to 19,999	$19.00	$19.00	$2.30	$2.30	$20.00	Moderate Shortage
20,000 to 39,999	$16.00	$16.00	$2.20	$2.20	$17.00	Moderate Shortage
40,000 to 59,999	$14.00	$14.00	$2.00	$2.00	$15.00	Moderate Shortage
60,000 to 99,999	$13.00	$13.00	$1.75	$1.75	$14.00	Moderate Oversupply
More Than 100,000	$12.00	$12.00	$1.50	$1.50	$14.00	Moderate Oversupply
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	Balanced Market

SPOKANE: INDUSTRIAL

Market Area: Spokane Metropolitan Area including Spokane County

DEMOGRAPHICS

POPULATION: 356,000
POPULATION GROWTH RATE: 0.8%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 6.9%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Owner Financing

1987 REVIEW

The economy in the Spokane area is experiencing slow, steady growth. The agricultural, mining and timber sectors are all showing strength as 1988 begins. Spokane is the financial and distribution center for large rural, agricultural sections of the Northwest and Southern Canada between Seattle and Minneapolis.

Seventy percent of absorption in 1987 was for use in warehousing and distribution. There is strong market demand for older, lower cost warehouse space and strong market resistance to newer, higher cost warehouse space.

1988 FORECAST

SIOR panelists expect generally stable market conditions for 1988. Absorption of manufacturing will be up one to five percent. Sales and lease prices will be stable except for marginal increases in manufacturing building sales prices and marginal decreases in high-tech sales prices.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Same
High Tech/R & D: Down 1-5%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	25%	5%
RATE OF NEW CONSTRUCTION **	Sa[illegible]	Same	Same
DOLLAR VOLUME - SALES **	Up 1-5%	Up 1-5%	Down 1-5%
DOLLAR VOLUME - LEASES **	Up 11-15%	Up 1-5%	Down 1-5%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.75-$1.00	$0.35-$0.75	$0.25-$0.35	$0.15-$0.30	$0.35	$0.20	$0.11
CENTRAL CITY	$1.00-$2.00	$0.75-$1.25	$0.50-$1.50	$0.50-$1.00	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$19.50	$21.50	$3.00	$3.00	$21.00	Substantial Oversupply
5,000 to 19,999	$17.00	$16.00	$3.00	$3.00	$19.00	Substantial Oversupply
20,000 to 39,999	$14.50	$15.50	$2.64	$2.64	$16.50	Moderate Oversupply
40,000 to 59,999	$13.25	$14.25	$2.16	$2.16	$16.50	Moderate Oversupply
60,000 to 99,999	$13.25	$14.25	$1.92	$1.92	$15.00	Moderate Oversupply
More Than 100,000	$12.00	$13.00	$1.80	$1.80	$15.00	Balanced Market
High Tech/R & D	n/a	n/a	$3.00	$3.00	$65.00	Moderate Oversupply

SPRINGFIELD: INDUSTRIAL

Market Area: Springfield, West Springfield, Chicopee, Ludlow, East Longmeadow, Westfield, and Holyoke

1987 REVIEW

During 1987, activity in Springfield's industrial market primarily came from demand for warehouse and distribution space which accounted for 75 percent of the total was absorption. Construction of warehousing and distribution space was up six to 10 percent. There were also significant increases in manufacturing space construction.

Overall the industrial space market is tight. SIOR panelists report that there is a substantial shortage of industrial properties with less than 40,000 square feet. Buildings with between 40,000 and 100,000 square feet are in moderately short supply.

1988 FORECAST

In 1988, site prices in Springfield will increase 11 to 15 percent. Both construction and absorption activity will be up one to five percent. Similarly, manufacturing and warehouse/distribution sales and lease prices will increase one to five percent.

DEMOGRAPHICS

POPULATION: 517,000
POPULATION GROWTH RATE: 0.1%
EMPLOYMENT GROWTH RATE: 1.6%
UNEMPLOYMENT RATE: 2.3%
PER CAPITA INCOME: $11,535

MARKET DATA

TOTAL INVENTORY
- Central City: n/a
- Suburban: n/a

VACANT INVENTORY
- Central City: n/a
- Suburban: n/a

NET ABSORPTION
- Central City: n/a
- Suburban: n/a

CURRENT CONSTRUCTION
- Central City: n/a
- Suburban: n/a

MORTGAGE MONEY SUPPLY
- Ample

PRIME SOURCE OF FINANCING
- Commercial Banks

OUTLOOK

SALES PRICES
- Manufacturing: Up 1-5%
- Warehouse/Distribution: Up 1-5%
- High Tech/R & D: Same

LEASE PRICES
- Manufacturing: Up 1-5%
- Warehouse/Distribution: Up 1-5%
- High Tech/R & D: Same

ABSORPTION
- Manufacturing: Up 1-5%
- Warehouse/Distribution: Up 1-5%
- High Tech/R & D: Up 1-5%

CONSTRUCTION
- Manufacturing: Up 1-5%
- Warehouse/Distribution: Up 1-5%
- High Tech/R & D: Up 1-5%

DOLLAR VOLUME
- Sales: Up 6-10%
- Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	75%	25%	0%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 6-10%	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 1-5%	Up 1-5%	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 1-5%	Up 1-5%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.70-$1.60	$0.70-$1.60	$0.70-$1.25	$0.70-$1.10	$0.45-$0.60	$0.23-$0.35	$0.20-$0.25
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$35.00-$55.00	n/a	$4.50-$5.50	$40.00	Substantial Shortage
5,000 to 19,999	n/a	$24.00-$40.00	n/a	$4.00-$4.50	$35.00	Substantial Shortage
20,000 to 39,999	n/a	$25.00-$35.00	n/a	$3.50-$4.00	$30.00	Substantial Shortage
40,000 to 59,999	n/a	$22.00-$30.00	n/a	$3.00-$3.25	$25.00	Moderate Shortage
60,000 to 99,999	n/a	$18.00-$25.00	n/a	$3.00-$3.25	$23.00	Moderate Shortage
More Than 100,000	n/a	$18.00-$25.00	n/a	$2.70-$3.25	$22.00	Balanced Market
High Tech/R & D	n/a	n/a	n/a	n/a	$60.00	Balanced Market

ST. LOUIS: INDUSTRIAL

Market Area: St. Louis Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,412,000
POPULATION GROWTH RATE: 0.3%
EMPLOYMENT GROWTH RATE: 1.6%
UNEMPLOYMENT RATE: 6.4%
PER CAPITA INCOME: $12,942

MARKET DATA

TOTAL INVENTORY
Central City: 72,000,000 sq.ft.
Suburban: 78,600,000 sq.ft.

VACANT INVENTORY
Cent. City: 9,600,000 sq.ft.(13.3%)
Suburban: 4,400,000 sq.ft.(5.6%)

NET ABSORPTION
Central City: -3,150,000 sq.ft.
Suburban: 4,200,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 150,000 sq.ft.
Suburban: 1,600,000 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

The St. Louis economy is increasingly diversified, providing an increased measure of stability to the area. The market's manufacturing base has dwindled substantially, but appears to have reached a level at which it will stabilize. The city's strengths are its strategic central location and excellent rail, highway, river, and air transportation resources. The Mississippi River provides a connection to both the Gulf and the St. Lawrence Seaway ports.

Central city vacancy and net absorption statistics are affected by a recently vacated 3.3 million square foot GM plant. Absorption in suburban areas totalled 4.2 million square feet. The vacancy rate in suburban areas is a modest 5.6 percent.

1988 FORECAST

SIOR panelists in St. Louis expect the industrial market to soften in 1988. Absorption of all types of industrial space will decline six to 10 percent. All prices of warehouse/distribution and high-tech properties will decrease six to 10 percent. Site prices will decline moderately.

OUTLOOK

SALES PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

LEASE PRICES
Manufacturing: Down 1-5%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

ABSORPTION
Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 6-10%

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Down 6-10%

DOLLAR VOLUME
Sales: Down 6-10%
Leases: Down 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION ••	Down 6-10%	Same	Up 1-5%
DOLLAR VOLUME - SALES ••	Down 6-10%	Down 6-10%	Down 6-10%
DOLLAR VOLUME - LEASES ••	Same	Down 6-10%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.50	$2.00	$1.75	$1.50	$1.50	$1.25	$0.75
CENTRAL CITY	$2.00	$1.75	$1.25	$1.00	$1.00	$0.40	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$27.00	$40.00	$3.00	$4.75	$40.00	Moderate Oversupply
5,000 to 19,999	$20.00	$35.00	$2.75	$4.25	$35.00	Moderate Shortage
20,000 to 39,999	$16.00	$30.00	$2.50	$4.00	$32.00	Moderate Shortage
40,000 to 59,999	$16.00	$28.00	$2.25	$3.60	$30.00	Balanced Market
60,000 to 99,999	$12.00	$24.00	$1.75	$3.25	$25.00	Moderate Shortage
More Than 100,000	$8.00	$22.00	$1.50	$3.00	$25.00	Balanced Market
High Tech/R & D	n/a	n/a	$7.00	$7.00	$30.00	Moderate Oversupply

DEMOGRAPHICS

POPULATION: 102,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 2.2%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Central City: 18,800,000 sq.ft.
Suburban: n/a

VACANT INVENTORY
Central City: 1,220,000 sq.ft.(6.5%)
Suburban: n/a

NET ABSORPTION
Central City: 180,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION
Central City: 150,000 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Commercial Banks

STAMFORD/NORWALK: INDUSTRIAL

Market Area: Stamford and Norwalk

1987 REVIEW

Stamford has a history as a center of manufacturing but in recent years, labor costs and labor shortages have stifled growth. Only firms willing to pay a premium for this location will stay.

The area has approximately 18.8 million square feet of industrial space. About 1.2 million square feet is currently available for lease. Construction in 1987 totalled only 150,000 square feet. Net absorption totalled 180,000 square feet. Forty percent of absorption was for use by high-tech firms and 40 percent was for use by manufacturing firms. There is currently a moderate shortage of every SIOR industrial building category.

1988 FORECAST

SIOR panelists in Stamford expect stable market conditions in 1988. Site prices, however, will increase another six to 10 percent making speculative industrial development even more expensive.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	20%	40%	40%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Up 1-5%	Up 1-5%	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$18.00	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$90.00	n/a	$10.00	n/a	$60.00	Moderate Shortage
5,000 to 19,999	$85.00	n/a	$7.75	n/a	$50.00	Moderate Shortage
20,000 to 39,999	$80.00	n/a	$7.50	n/a	$45.00	Moderate Shortage
40,000 to 59,999	$80.00	n/a	$7.50	n/a	n/a	Moderate Shortage
60,000 to 99,999	n/a	n/a	n/a	n/a	n/a	Moderate Shortage
More Than 100,000	n/a	n/a	n/a	n/a	n/a	Moderate Shortage
High Tech/R & D	$115.00	n/a	$12.00	n/a	$60.00	Moderate Shortage

STOCKTON: INDUSTRIAL

Market Area: Stockton, Tracy, Manteca, Lodi

DEMOGRAPHICS

POPULATION: 418,000
POPULATION GROWTH RATE: 3.5%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 10.2%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: 11,153,800 sq.ft.
Suburban: 9,991,000 sq.ft.

VACANT INVENTORY

Cent. City: 1,630,178 sq.ft.(14.6%)
Suburban: 1,202,130 sq.ft.(12.0%)

NET ABSORPTION

Central City: 567,000 sq.ft.
Suburban: 162,000 sq.ft.

CURRENT CONSTRUCTION

Central City: 1,151,000 sq.ft.
Suburban: 271,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Insurance Companies

1987 REVIEW

Stockton has enjoyed an influx of users from the Bay Area . Low land costs, an ample labor supply, an excellent transportation network, and affordable housing (50 percent lower than the Bay Area) have all contributed to Stockton's recent success in attracting industry.

The Stockton area has over 21 million square feet of industrial inventory. Vacancy rates range from 12 percent in suburban areas to 14.6 percent in the central city. Buildings with more than 60,000 square feet are in moderately short supply. A balanced market is reported for all other SIOR categories of prime industrial buildings.

1988 FORECAST

SIOR panelists expect a sharp increase in construction and absorption of warehouse and distribution space in 1988. Sales and site prices will increase by one to five percent. Lease prices will be stable but the increase in market activity will push dollar volumes up significantly.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 1-5%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	26%	4%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 6-10%	Same
DOLLAR VOLUME - SALES ••	Down 1-5%	Down 1-5%	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.75	$1.50	$1.00	$1.00	$0.75	$0.55	$0.40
CENTRAL CITY	$2.30	$1.90	$1.50	$1.30	$1.30	$0.60	$0.40

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$30.00	$24.00	$3.60	$3.40	$23.00	Balanced Market
5,000 to 19,999	$28.00	$20.00	$3.00	$2.80	$21.00	Balanced Market
20,000 to 39,999	$20.00	$18.00	$2.88	$2.68	$17.00	Balanced Market
40,000 to 59,999	$18.00	$17.00	$2.88	$2.68	$14.50	Balanced Market
60,000 to 99,999	$16.00	$16.00	$2.76	$2.56	$13.00	Moderate Shortage
More Than 100,000	$14.00	$14.00	$2.64	$2.44	$11.50	Moderate Shortage
High Tech/R & D	$45.00	n/a	$7.20	n/a	$25.000	Balanced Market

SYRACUSE: INDUSTRIAL

Market Area: Syracuse Metropolitan Area

DEMOGRAPHICS

POPULATION: 651,000
POPULATION GROWTH RATE: 0.2%
EMPLOYMENT GROWTH RATE: 2.1%
UNEMPLOYMENT RATE: 5.5%
PER CAPITA INCOME: $11,559

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: 2,000,000 sq.ft.

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

Syracuse is a hub for freight traffic as it is served by all modes of transportation. It also has a diversified industrial mix which minimizes cyclical fluctuations. However, a relatively high concentration of durable goods manufacturing does make the local economy somewhat susceptible to the fortunes of the national economy.

Reports indicate that market conditions remained largely the same as they were in 1986. The vacancy situation for industrial space is balanced except for buildings having 100,000 square feet or more which are moderately oversupplied at this time.

1988 FORECAST

Along with developing shortages, there is slow but steady growth in industrial activity. In 1988, construction will rise one to five percent. Absorption will increase allowing for moderate increases in sales and lease prices.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	15%	15%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Same	Same
DOLLAR VOLUME - SALES ••	Same	Down 1-5%	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.00	$0.75	$0.60	$0.50	$0.40	$0.25	$0.15
CENTRAL CITY	$1.25	$1.00	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$30.00-$34.00	n/a	$5.50	$30.00	Moderate Shortage
5,000 to 19,999	n/a	$25.00-$28.00	n/a	$5.00	$28.00	Moderate Shortage
20,000 to 39,999	n/a	$20.00-$24.00	n/a	$4.00	$26.00	Balanced Market
40,000 to 59,999	n/a	$20.00-$22.00	n/a	$3.00	$24.00	Balanced Market
60,000 to 99,999	n/a	$18.00-$20.00	n/a	$2.75	$23.00	Balanced Market
More Than 100,000	n/a	$13.00-$20.00	n/a	$2.50	$22.00	Market Oversupply
High Tech/R & D	n/a	$45.00	n/a	$7.50	$50.00	Substantial Shortage

TAMPA BAY AREA–HILLSBOROUGH/ PINELLAS COUNTIES: INDUSTRIAL

Market Area: Tampa Bay Area including Hillsborough & Pinellas Counties

DEMOGRAPHICS

POPULATION: 1,869,000
POPULATION GROWTH RATE: 2.8%
EMPLOYMENT GROWTH RATE: 4.6%
UNEMPLOYMENT RATE: 4.8%
PER CAPITA INCOME: $11,711

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 79,988,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 6,997,000 sq.ft.(9.0%)

NET ABSORPTION
Central City: n/a
Suburban: 4,353,278 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 2,232,770

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

1987 REVIEW

Tampa's manufacturing base is relatively small, accounting for about 10 percent of the area's labor force. Electrical equipment, electronic components, and food processing are the area's largest industrial employers. Tampa's economy centers around enterprises that serve the tourist industry and the large number of retirees who live there.

There is currently a substantial shortage of small industrial structures with less than 5,000 square feet. Moderate shortages are reported for most of the other SIOR building categories. There is a critical need for bulk distribution and storage space.

1988 FORECAST

SIOR panelists in Tampa Bay expect generally stable market conditions in 1988. Construction of high-tech space will be off 11 to 15 percent and warehouse/distribution construction will decrease six to 10 percent. Absorption and prices will remain unchanged.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Down 11-15%

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	51%	27%	22%
RATE OF NEW CONSTRUCTION ••	Up 55%	Same	Down 11-15%
DOLLAR VOLUME - SALES ••	Up 1-5%	Same	Same
DOLLAR VOLUME - LEASES ••	Up 25%	Down 1-5%	Down 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$3.50	$3.25	$3.00	$2.75	$2.50	$2.00	$1.75

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$30.00	n/a	$4.25	$26.00	Substantial Shortage
5,000 to 19,999	n/a	$28.00	n/a	$4.00	$23.00	Moderate Shortage
20,000 to 39,999	n/a	$24.00	n/a	$3.25	$17.00	Balanced Market
40,000 to 59,999	n/a	$23.00	n/a	$3.25	$17.00	Moderate Shortage
60,000 to 99,999	n/a	$22.00	n/a	$3.25	$15.00	Moderate Shortage
More Than 100,000	n/a	$22.00	n/a	$3.25	$15.00	Moderate Shortage
High Tech/R & D	n/a	$40.00	n/a	$6.50	$30.00	Balanced Market

TERRE HAUTE: INDUSTRIAL

Market Area: Terre Haute, West Central Indiana, East Central Illinois

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.9%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Central City: 13,656,600 sq.ft.
Suburban: n/a

VACANT INVENTORY

Cent. City: 1,991,454 sq.ft.(14.6%)
Suburban: n/a

NET ABSORPTION

Central City: -900,000 sq.ft.
Suburban: n/a

CURRENT CONSTRUCTION

Central City: 212,500 sq.ft.
Suburban: n/a

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

The transition from a manufacturing-based economy to a service-oriented economy is affecting Terre Haute like it has so many other smaller cities. The level of interest in existing industrial and distribution properties is often in direct proportion to population. But small rural communities like Terre Haute have real bargains in industrial properties.

1988 FORECAST

High-tech and research and development properties will lead the industrial market in 1988. With the outlook for business remaining much the same, estimates are that construction and absorption of other types of industrial properties will be down in 1988. Sales and lease prices are also expected to be lower. Sales prices of high-tech buildings are expected to remain the same, but lease prices will increase one to five percent.

OUTLOOK

SALES PRICES

Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Same

LEASE PRICES

Manufacturing: Down 6-10%
Warehouse/Distribution: Down 6-10%
High Tech/R & D: Up 1-5%

ABSORPTION

Manufacturing: Down 11-15%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

CONSTRUCTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Same
Leases : Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	0%	$40.00	$60.00
RATE OF NEW CONSTRUCTION ••	Down 6-10%	Same	Up 11-15%
DOLLAR VOLUME - SALES ••	Down 11-15%	Down 11-15%	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CENTRAL CITY	$0.50	$0.50	$0.25-$0.40	$0.25	$0.20	$0.10-$0.15	$0.05-$0.15

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$15.00	n/a	$5.00-$6.50	n/a	$30.00	Balanced Market
5,000 to 19,999	$6.50-$15.00	n/a	$3.00-$5.00	n/a	$25.00	Balanced Market
20,000 to 39,999	$8.00-$13.00	n/a	$2.00-$4.00	n/a	$22.00	Moderate Oversupply
40,000 to 59,999	$4.00-$10.00	n/a	$2.10-$3.50	n/a	$20.00	Moderate Oversupply
60,000 to 99,999	n/a	n/a	$2.10-$3.50	n/a	$20.00	Substantial Oversupply
More Than 100,000	$5.00-$14.00	n/a	$2.10-$2.50	n/a	$18.00-$20.00	Substantial Oversupply
High Tech/R & D	n/a	n/a	n/a	n/a	$30.00-$40.00	Balanced Market

TOLEDO: INDUSTRIAL

Market Area: Toledo Metropolitan Area

DEMOGRAPHICS

POPULATION: 608,000
POPULATION GROWTH RATE: -0.3%
EMPLOYMENT GROWTH RATE: 0.9%
UNEMPLOYMENT RATE: 5.7%
PER CAPITA INCOME: $11,684

MARKET DATA

TOTAL INVENTORY
Central City: 7,000,000 sq.ft.
Suburban: 39,300,000 sq.ft.

VACANT INVENTORY
Cent. City: 1,400,000 sq.ft.(20.0%)
Suburban: 6,000,000 sq.ft.(15.3%)

NET ABSORPTION
Central City: 100,000 sq.ft.
Suburban: 300,000 sq.ft.

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 300,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Commercial Banks

1987 REVIEW

In recent years, Toledo has been feeling, in part, the pain of the rust belt. However, during the last year the industrial market has been reasonably strong with good absorption of existing properties. Sales, leasing, and construction activity all increased in1987.

On average, the vacancy situation for general industrial properties is balanced with smaller buildings in moderately short supply and larger ones more plentiful.

1988 FORECAST

Toledo has for many years relied on the automobile industry for much of its economic vitality. As the domestic auto manufacturers have lost their traditional share of the market to imports, Toledo has suffered also. The expectation that Mazda will be opening a plant in nearby Michigan is raising Toledo's hopes due to its strategic location on the interstate highway joining the two locations.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

LEASE PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: n/a

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: n/a

DOLLAR VOLUME
Sales: Up 1-5%
Leases : Up 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	20%	80%	0%
RATE OF NEW CONSTRUCTION ••	Up 1-5%	Up 6-10%	n/a
DOLLAR VOLUME - SALES ••	Up 1-5%	Up 1-5%	n/a
DOLLAR VOLUME - LEASES ••	Up 1-5%	Up 1-5%	n/a

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$0.80-$1.70	$.50-$1.00	$0.30-$0.70	$0.20-$0.50	$0.25-$0.40	$0.10-$0.20	$0.10
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$22.00-$25.00	n/a	$2.90-$3.90	$25.00-$30.00	Moderate Shortage
5,000 to 19,999	n/a	$20.00-$23.00	n/a	$2.50-$3.50	$23.00-$28.00	Moderate Shortage
20,000 to 39,999	n/a	$15.00-$20.00	n/a	$2.30-$3.00	$20.00-$24.00	Balanced Market
40,000 to 59,999	n/a	$12.00-$15.00	n/a	$2.00-$3.00	$18.00-$24.00	Balanced Market
60,000 to 99,999	n/a	$6.00-$10.00	n/a	$2.00-$3.00	$18.00-$24.00	Moderate Oversupply
More Than 100,000	n/a	$5.00-$8.00	n/a	$1.80-$2.75	$15.00-$20.00	Moderate Oversupply
High Tech/R & D	n/a	n/a	n/a	n/a	n/a	n/a

TRENTON: INDUSTRIAL

Market Area: Trenton, Princeton, Mercer County, and parts of Somerset, Hunterdon, Burlington, Middlesex, and Monmouth Counties

1987 REVIEW

The Central New Jersey and Bucks County, PA, industrial market is currently strong with moderate shortages of warehouse/distribution and flex space. There is a substantial shortage of industrial buildings with more than 100,000 square feet. The rate of construction of all types of industrial structures is six to 10 percent higher than a year ago.

In 1987, approximately 70 percent of absorption was for use in warehousing and distribution. Twenty percent of absorption was for use by manufacturing firms and 10 percent was for use by high-tech firms.

1988 FORECAST

Construction and absorption of manufacturing and warehouse/distribution space will increase six to 10 percent in 1988. Similarly sales, lease, and site prices will be up six to 10 percent.

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION **	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - SALES **	Up 6-10%	Up 6-10%	Up 6-10%
DOLLAR VOLUME - LEASES **	Up 6-10%	Up 6-10%	Up 6-10%

** Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	n/a	$3.00	$2.50	$2.00	$2.00	$1.50	$1.00
CENTRAL CITY	$2.50	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$25.00	$45.00	$3.50	$6.00	n/a	Moderate Shortage
5,000 to 19,999	$22.00	$40.00	$3.00	$5.50	n/a	Moderate Shortage
20,000 to 39,999	$15.00	$38.00	$3.00	$5.50	n/a	Moderate Shortage
40,000 to 59,999	$12.00	$38.00	$2.50	$5.00	n/a	Moderate Shortage
60,000 to 99,999	$12.00	$32.00	$2.50	$4.50	n/a	Moderate Shortage
More Than 100,000	$10.00	$30.00	$2.50	$4.25	n/a	Substantial Shortage
High Tech/R & D	n/a	$60.00	$7.50	$10.00	n/a	Moderate Oversupply

TULSA: INDUSTRIAL

Market Area: Tulsa Metropolitan Area

DEMOGRAPHICS

POPULATION: 733,000
POPULATION GROWTH RATE: 2.1%
EMPLOYMENT GROWTH RATE: 3.0%
UNEMPLOYMENT RATE: 7.1%
PER CAPITA INCOME: $11,992

MARKET DATA

TOTAL INVENTORY

Central City: n/a
Suburban: 20,000,000 sq.ft.

VACANT INVENTORY

Central City: n/a
Suburban: 4,000,000 sq.ft.(20.0%)

NET ABSORPTION

Central City: n/a
Suburban: 0 sq.ft.

CURRENT CONSTRUCTION

Central City: n/a
Suburban: 120,000 sq.ft.

MORTGAGE MONEY SUPPLY

Moderate

PRIME SOURCE OF FINANCING

Owner Financing

1987 REVIEW

Economic diversification has helped Tulsa but has not protected it completely from the affects of the energy slump. There was a reawakening of industrial demand in 1986 and 1987, although declining prices were common in this market. Large buildings with over 100,000 square feet are in demand. Most of the activity is in non-prime buildings while the market for prime space is slow.

There is an oversupply of high-tech space and a substantial oversupply of small buildings with less than 5,000 square feet.

1988 FORECAST

In 1988, the rate of construction of all types of industrial space will remain unchanged. Absorption is expected to increase 11 to 15 percent. As the market tightens up, sales and lease prices will increase significantly, reversing the downward trend of the recent past.

OUTLOOK

SALES PRICES

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

LEASE PRICES

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

ABSORPTION

Manufacturing: Up 11-15%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 11-15%

CONSTRUCTION

Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME

Sales: Up 11-15%
Leases: Up 11-15%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	20%	60%	20%
RATE OF NEW CONSTRUCTION ••	Down 6-10%	Same	Down 1-5%
DOLLAR VOLUME - SALES ••	Down 1-5%	Down 1-5%	Down 6-10%
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.25	$2.00	$1.75	$0.50-$1.00	$0.40-$1.00	$0.25-$0.50	$0.15-$0.25
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$30.00	n/a	n/a	$35.00	Substantial Oversupply
5,000 to 19,999	n/a	$28.00	n/a	n/a	$27.00	Substantial Oversupply
20,000 to 39,999	n/a	$16.00	n/a	n/a	$20.00	Balanced Market
40,000 to 59,999	n/a	$13.00	n/a	n/a	$18.00	Moderate Oversupply
60,000 to 99,999	n/a	$11.00-$13.00	n/a	n/a	$18.00	Moderate Oversupply
More Than 100,000	n/a	$11.00-$13.00	n/a	n/a	$17.00	Moderate Oversupply
High Tech/R & D	n/a	$37.00	n/a	n/a	$40.00	Substantial Oversupply

WASHINGTON, D.C. METROPOLITAN AREA: INDUSTRIAL

Market Area: Suburban Maryland, Northern Virginia, and the District of Columbia Metropolitan Area

1987 REVIEW

The Washington metropolitan area has an industrial inventory of over 100 million square feet. This area has several unusual aspects. First, there is very little manufacturing activity. Sixty percent of absorption in 1987 was for use in high-tech/R & D applications.

The high cost of land has pushed speculative industrial development to outlying areas. Prince George's County has seen a surge in industrial development because of its relatively low site prices and developed transportation network. Coldwell Banker reports that the industrial vacancy rate in the Washington D.C. area during the fourth quarter of 1987 was 1.1 percent.

1988 FORECAST

SIOR panelists in Washington expect modest gains of one to five percent in construction, absorption, and sales and lease prices. Site prices will rise more rapidly, increasing 11 to 15 percent, continuing a trend of intense land speculation in the area.

DEMOGRAPHICS

POPULATION: 3,490,000
POPULATION GROWTH RATE: 1.3%
EMPLOYMENT GROWTH RATE: 3.1%
UNEMPLOYMENT RATE: 3.1%
PER CAPITA INCOME: $16,395

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: n/a
Suburban: n/a

NET ABSORPTION
Central City: n/a
Suburban: n/a

CURRENT CONSTRUCTION
Central City: n/a
Suburban: n/a

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

OUTLOOK

SALES PRICES
Manufacturing: n/a
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES
Manufacturing: n/a
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

ABSORPTION
Manufacturing: n/a
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: n/a
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME
Sales: Up 6-10%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	40%	n/a	60%
RATE OF NEW CONSTRUCTION ••	Same	n/a	Up 1-5%
DOLLAR VOLUME - SALES ••	Same	n/a	Same
DOLLAR VOLUME - LEASES ••	Up 6-10%	n/a	Up 1-5%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$6.50-$8.00	$5.50-$6.50	$4.50	$4.25	$4.00	$3.00	$2.50
CENTRAL CITY	$25.00	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$75.00	n/a	$6.50	$45.00	Moderate Shortage
5,000 to 19,999	n/a	$60.00	n/a	$6.00	$37.50	Balanced Market
20,000 to 39,999	n/a	$55.00	n/a	$5.75	$32.00	Balanced Market
40,000 to 59,999	n/a	$45.00	n/a	$5.25	$30.00	Balanced Market
60,000 to 99,999	n/a	$40.00	n/a	$4.75	$25.00	Balanced Market
More Than 100,000	n/a	$40.00	n/a	$4.25	$25.00	Moderate Shortage
High Tech/R & D	n/a	$80.00	n/a	$7.00-$10.00	$50.00	Moderate Oversupply

WEST PALM BEACH: INDUSTRIAL

Market Area: West Palm Beach, Riviera Beach and Northern Palm Beach County

DEMOGRAPHICS

POPULATION: 723,000
POPULATION GROWTH RATE: 4.3%
EMPLOYMENT GROWTH RATE: 7.0%
UNEMPLOYMENT RATE: 4.8%
PER CAPITA INCOME: $15,690

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: 4,500,000 sq.ft.

VACANT INVENTORY
Central City: n/a
Suburban: 950,000 sq.ft.(21.0%)

NET ABSORPTION
Central City: n/a
Suburban: 500,000 sq.ft.

CURRENT CONSTRUCTION
Central City: n/a
Suburban: 400,000 sq.ft.

MORTGAGE MONEY SUPPLY
Moderate

PRIME SOURCE OF FINANCING
Insurance Companies

1987 REVIEW

The West Palm Beach market area has a small manufacturing base and a high concentration of distribution services. Important industries include sugar and citrus production and processing, and aircraft equipment.

The Palm Beach County area has strict growth management which will retard new developments and keep the prices of existing developments high. The South Florida markets have enjoyed an increase in growth and price increases will exceed the overall CPI increases.

1988 FORECAST

SIOR panelists in the West Palm Beach area expect new construction of industrial properties will increase moderately during 1988 . Absorption of warehouse and distribution buildings will increase 11 to 15 percent. As space is taken off the market, rental rates for manufacturing and warehouse/distribution space will increase six to 10 percent.

OUTLOOK

SALES PRICES
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Up 6-10%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Same

ABSORPTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 11-15%
High Tech/R & D: Up 1-5%

CONSTRUCTION
Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Up 1-5%
Leases: Up 6-10%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	70%	20%	10%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	Up 1-5%	Same
DOLLAR VOLUME - SALES ••	Up 11-15%	Up 6-10%	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 11-15%	Up 6-10%	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$4.90	$4.75	$4.60	$4.00	$2.90	$2.30	n/a
CENTRAL CITY	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	n/a	$44.00	n/a	$5.10	$32.00	Moderate Oversupply
5,000 to 19,999	n/a	$41.00	n/a	$4.50	$29.00	Balanced Market
20,000 to 39,999	n/a	$38.00	n/a	$4.15	$25.00	Balanced Market
40,000 to 59,999	n/a	n/a	n/a	n/a	$22.50	Balanced Market
60,000 to 99,999	n/a	n/a	n/a	n/a	n/a	Moderate Shortage
More Than 100,000	n/a	n/a	n/a	n/a	n/a	n/a
High Tech/R & D	n/a	$55.00	n/a	$6.50	n/a	Moderate Oversupply

DEMOGRAPHICS

POPULATION: 435,000
POPULATION GROWTH RATE: 1.1%
EMPLOYMENT GROWTH RATE: 1.8%
UNEMPLOYMENT RATE: 4.7%
PER CAPITA INCOME: $13,111

MARKET DATA

TOTAL INVENTORY
Central City: n/a
Suburban: n/a

VACANT INVENTORY
Central City: 240,000 sq.ft.
Suburban: 490,000 sq.ft.

NET ABSORPTION
Central City: minimal
Suburban: minimal

CURRENT CONSTRUCTION
Central City: 0 sq.ft.
Suburban: 0 sq.ft.

MORTGAGE MONEY SUPPLY
Ample

PRIME SOURCE OF FINANCING
Insurance Companies

WICHITA: INDUSTRIAL

Market Area: Wichita Metropolitan Area

1987 REVIEW

The Wichita economy is heavily dependent on aircraft manufacturing. A remarkably high percentage of the employment base--at times as high as 75 percent--is directly employed by one of the three major aircraft manufacturing firms with operations in the area. Wichita also has a considerable amount of oil-related industrial activity. Such high concentrations of employment in one or two industries leaves the area susceptible to natural economic cycles in these industries.

There was no speculative industrial construction in 1987 and there was very little absorption. The market will not prosper until more broad-based growth occurs.

1988 FORECAST

SIOR panelists in Wichita are not upbeat about prospects for 1988. The industrial market will remain largely unchanged from 1987 market conditions.

OUTLOOK

SALES PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

LEASE PRICES
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

ABSORPTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

CONSTRUCTION
Manufacturing: Same
Warehouse/Distribution: Same
High Tech/R & D: Same

DOLLAR VOLUME
Sales: Same
Leases: Same

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	90%	10%	0%
RATE OF NEW CONSTRUCTION ••	Same	Same	Same
DOLLAR VOLUME - SALES ••	Same	Same	Same
DOLLAR VOLUME - LEASES ••	Same	Same	Same

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$2.50	$2.30	$2.00	n/a	$0.30	$0.10	n/a
CENTRAL CITY	$2.30	$2.30	$2.00	n/a	n/a	n/a	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *GROSS* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$20.00	$20.00	$3.25	$3.25	$28.00	Balanced Market
5,000 to 19,999	$18.00	$18.00	$2.40	$2.40	$26.50	Balanced Market
20,000 to 39,999	$15.00	$15.00	$2.30	$2.30	$25.50	Balanced Market
40,000 to 59,999	$16.00	$16.00	$2.20	$2.20	$25.00	Balanced Market
60,000 to 99,999	$16.00	$16.00	n/a	n/a	$24.00	Balanced Market
More Than 100,000	$13.00	$13.00	n/a	n/a	$23.00	Balanced Market
High Tech/R & D	n/a	n/a	n/a	n/a	$42.50	Balanced Market

WILMINGTON: INDUSTRIAL

Market Area: Wilmington Metropolitan Area including New Castle County

DEMOGRAPHICS

POPULATION: 537,600
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: 2.4%
UNEMPLOYMENT RATE: 3.1%
PER CAPITA INCOME: $12,970

MARKET DATA

TOTAL INVENTORY

Central City: 2,200,000 sq.ft.
Suburban: 8,650,000 sq.ft.

VACANT INVENTORY

Central City: 250,000 sq.ft.(11.0%)
Suburban: 845,000 sq.ft.(10.0%)

NET ABSORPTION

Central City: n/a
Suburban: 915,000 sq.ft.

CURRENT CONSTRUCTION

Central City: n/a
Suburban: 808,000 sq.ft.

MORTGAGE MONEY SUPPLY

Ample

PRIME SOURCE OF FINANCING

Commercial Banks

1987 REVIEW

Strong growth in the chemical industry contributed to an outstanding year for industrial real estate. Wilmington is in a desirable geographic location between New York City and Washington, D.C. which puts it within 350 miles of one-third of the total population of the United States. In addition, it is served by mainline rail facilities, several highways, a river, and the Delaware and Chesapeake Bays.

Land prices are up 20 to 30 percent in all categories: prices in some areas increased 100 percent in 1987. Industrial rents are also up with a record year for new construction and leasing. Sales activity is slow because there are few properties available for sale.

1988 FORECAST

Construction of industrial space is expected to continue during 1988 with warehouses and distribution centers leading the way. Sales prices for all types of industrial properties are expected to increase. Absorption will decline, especially in the case of high-tech properties.

OUTLOOK

SALES PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Up 1-5%

LEASE PRICES

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 1-5%
High Tech/R & D: Same

ABSORPTION

Manufacturing: Down 1-5%
Warehouse/Distribution: Down 1-5%
High Tech/R & D: Down 6-10%

CONSTRUCTION

Manufacturing: Up 1-5%
Warehouse/Distribution: Up 6-10%
High Tech/R & D: Up 1-5%

DOLLAR VOLUME

Sales: Down 1-5%
Leases: Down 1-5%

PROFILE OF BUILDINGS BY TYPE

	WAREHOUSING & DISTRIBUTION	MANUFACTURING	HIGH TECH/ R & D
COMPOSITION OF ABSORPTION	80%	5%	15%
RATE OF NEW CONSTRUCTION ••	Up 6-10%	n/a	Up 1-5%
DOLLAR VOLUME - SALES ••	Up 6-10%	Up 6-10%	Up 1-5%
DOLLAR VOLUME - LEASES ••	Up 6-10%	Up 6-10%	Up 6-10%

•• Compared to A Year Ago

SITE PRICES

(Dollars Per Square Foot)

	IMPROVED SITES				UNIMPROVED SITES		
LOCATION	LESS THAN 2 ACRES	2 TO 5 ACRES	5 TO 10 ACRES	MORE THAN 10 ACRES	LESS THAN 10 ACRES	10 TO 100 ACRES	MORE THAN 100 ACRES
SUBURBAN	$1.15-$1.38	$1.15-$1.26	$0.90-$1.10	$0.50-$0.80	n/a	$0.50	$0.17
CENTRAL CITY	$4.80	n/a	n/a	n/a	n/a	$0.23-$0.30	n/a

PROFILE OF BUILDINGS BY SIZE

(All prices are per square foot. Lease prices in this market area are *NET* prices.)

SIZE	SALES PRICES CENTRAL CITY	SALES PRICES SUBURBAN	LEASE PRICES CENTRAL CITY	LEASE PRICES SUBURBAN	CONSTRUCTION COSTS	VACANCY SITUATION
Less Than 5000	$32.00	$32.00	n/a	$4.75-$5.25	n/a	Balanced Market
5,000 to 19,999	$30.00	n/a	$2.50-$3.75	n/a	n/a	n/a
20,000 to 39,999	n/a	n/a	n/a	n/a	n/a	Balanced Market
40,000 to 59,999	$21.00	n/a	$1.75-$2.50	$3.50-$3.75	$21.50	n/a
60,000 to 99,999	n/a	n/a	n/a	n/a	n/a	n/a
More Than 100,000	n/a	$19.00-$25.00	n/a	$3.15	$13.90	Balanced Market
High Tech/R & D	n/a	n/a	n/a	$6.00-$8.50	n/a	Balanced Market

Industrial Survey Questionnaire

SOCIETY OF INDUSTRIAL AND OFFICE REALTORS®
INDUSTRIAL REAL ESTATE MARKET SURVEY
1987 REVIEW/1988 FORECAST

READ CAREFULLLY BEFORE FILLING OUT QUESTIONNAIRE: This questionnaire must be received by the SIOR National Office by ***December 1, 1987*** if your report is to be included in the 1987 Industrial/Office Real Estate Market Review/1988 Forecast. For data compilation reasons, any surveys received after December 1, 1987 cannot be used.

- Please type or print your answers clearly.
- The individual reporter must be an active or affiliate member of SIOR.
- Be sure to include both the individual's name and the firm's name. Questionnaires which are incomplete will not be used in the final report.
- If you have any questions, please contact:

Linda Nasvaderani
Society of Industrial and Office REALTORS
777 14th Street, N.W., Suite 400
Washington, D.C. 20005-3271, Phone: 202/383-1150

Thank you for your time and cooperation.

IDENTIFICATION

Reporters' Names ______

______

Firm Name ______

Address ______

City State ZIP ______

Business Phone ______

Please identify the market area for which you are reporting:

CENTRAL CITY/CITIES ______

______

SUBURBAN AREAS ______

______

Describe submarkets, if any (counties, urban clusters, etc.).

______

IMPORTANT

SIOR is interested in learning more about your market area. Please send any information about your local economy and local real estate markets with your survey. If specific information is not conveniently available, perhaps you can send an address where information can be obtained. Information on your market area can be obtained from:

NAME: ______ NAME: ______

ADDRESS: ______ ADDRESS: ______

TYPE OF INFORMATION ______ TYPE OF INFORMATION ______

SOCIETY OF INDUSTRIAL AND OFFICE REALTORS®
INDUSTRIAL REAL ESTATE MARKET SURVEY
1987 REVIEW/1988 FORECAST

The following definitions are given to insure uniformity of response.

USE, not building design, determines reporting category

CENTRAL CITY VERSUS SUBURBAN AREAS. Since the definition of urban and suburban areas varies widely, it is the responsibility of the individual survey panelist to reflect his or her area's particular characteristics.

CONSTRUCTION. Include only space that will be available for lease within 12 months

NET ABSORPTION. Net absorption is the net change in occupied space.

1. TOTAL MARKET STATISTICS (Note: Unlike other questions below, this includes all prime and non-prime industrial space in the market.)

	CENTRAL CITY	*SUBURBAN*
Total Square Feet of Industrial Space	______ Sq.Ft.	______ Sq.Ft.
Total Vacant Square Feet	______ Sq.Ft.	______ Sq.Ft.
Vacancy Rate	______ %	______ %
Construction	______ Sq.Ft.	______ Sq.Ft.
Net Absorption	______ Sq.Ft.	______ Sq.Ft.

2. COMPOSITION OF ABSORPTION. Percentage composition of absorption during 1987

Warehousing/Distribution___ %   Manufacturing___ %   High Tech/R & D ___ %

3. HOW DOES THE RATE OF CONSTRUCTION COMPARE TO A YEAR AGO?

	INCREASE				*DECREASE*			
Warehousing/ Distribution	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER_____%
Manufacturing	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER_____%
High Tech/R & D	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER_____%

4. HOW DOES THE DOLLAR VOLUME OF SALES OF INDUSTRIAL PROPERTIES COMPARE TO A YEAR AGO?

	INCREASE				*DECREASE*			
Warehousing/ Distribution	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER_____%
Manufacturing	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER_____%
High Tech/R & D	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER_____%

5. HOW DOES THE DOLLAR VOLUME OF LEASES OF INDUSTRIAL PROPERTIES COMPARE TO A YEAR AGO?

	INCREASE				*DECREASE*			
Warehousing/ Distribution	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER_____%
Manufacturing	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER_____%
High Tech/R & D	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER_____%

6. *WHAT IS THE VACANCY SITUATION FOR PRIME INDUSTRIAL PROPERTIES?*

A PRIME INDUSTRIAL BUILDING IS IN THE TOP 25 PERCENT OF OVERALL DESIRABILITY OF THE EXISTING INVENTORY; such buildings are considered to be for general purpose uses such as industrial, research, warehouse and/or manufacturing.

	Substantial Shortage	Moderate Shortage	Balanced Market	Moderate Oversupply	Substantial Oversupply
Less than 5,000 sq.ft.	☐	☐	☐	☐	☐
5,000 to 19,999 sq.ft.	☐	☐	☐	☐	☐
20,000 to 39,999 sq.ft.	☐	☐	☐	☐	☐
40,000 to 59,999 sq.ft.	☐	☐	☐	☐	☐
60,000 to 99,999 sq.ft.	☐	☐	☐	☐	☐
100,000 sq.ft. or more	☐	☐	☐	☐	☐
High Technology/R & D	☐	☐	☐	☐	☐

7. *SALES AND LEASE PRICES OF PRIME INDUSTRIAL BUILDINGS*

Gross lease is one in which the tenant's rent includes real estate taxes and fire and extended coverage insurance, as well as maintenance of the roof structure and outside walls. If you are reporting NET LEASE PRICES, please indicate by checking the appropriate box under the heading "LEASE PRICES" and provide a brief definition of "Net" as it is commonly used in your market area.

NET LEASE: ____________________

PRIME INDUSTRIAL	*SALES PRICES* Current Gross Selling Price Per Sq.Ft. Central City	 Suburban	*LEASE PRICES* Current Annual Lease Price ☐ **GROSS** Central City	 ☐ **NET** Suburban
Less than 5,000 sq.ft.	$	$	$	$
5,000 to 19,999 sq.ft.	$	$	$	$
20,000 to 39,999 sq.ft.	$	$	$	$
40,000 to 59,999 sq.ft.	$	$	$	$
60,000 to 99,999 sq.ft.	$	$	$	$
100,000 sq.ft. or more	$	$	$	$
High Technology/R & D	$	$	$	$

8. *SITE PRICES AND CONSTRUCTION COSTS OF PRIME INDUSTRIAL BUILDINGS*

CONSTRUCTION COSTS should reflect only hard construction costs such as general contractor, overhead, and profit but exclude architectural and engineering fees, financing fees, and mortgage/brokerage fees for both construction and permanent financing. IMPROVED SITES ARE SITES IN THE TOP 25 PERCENT OF OVERALL DESIRABILITY OF THE EXISTING INVENTORY. Such sites are in a "ready-to-build" condition and are essentially level and graded and serviced with all necessary utilities. UNIMPROVED SITES ARE SITES WHICH ARE ALSO IN THE TOP 25 PERCENT OF OVERALL DESIRABILITY OF THE EXISTING INVENTORY AND ARE ZONED FOR INDUSTRIAL USE. Streets and utilities may not yet be installed but are reasonably close and available.

PRIME INDUSTRIAL	*CONSTRUCTION COSTS* Costs Per Square Foot
Less than 5,000 sq.ft.	$
5,000 to 19,999 sq.ft.	$
20,000 to 39,999 sq.ft.	$
40,000 to 59,999 sq.ft.	$
60,000 to 99,999 sq.ft.	$
100,000 sq.ft. or more	$
High Technology/R & D	$

	SITE PRICES Current Gross Selling Price Per Square Foot Central City	 Suburban
IMPROVED SITES		
Less than 2 acres	$	$
2-5 acres	$	$
5-10 acres	$	$
More Than 10 Acres	$	$
UNIMPROVED SITES		
Less than 10 acres	$	$
10-100 acres	$	$
More Than 100 Acres	$	$

9. *CURRENT PRIME SOURCE FOR FINANCING INDUSTRIAL PROPERTIES*

☐ Insurance Companies
☐ Pension Funds
☐ Owner Financing
☐ Commercial Banks
Other (specify)____________________

10. *MORTGAGE MONEY SUPPLY AT MOST PREVALENT INTEREST RATE*

☐ Ample
☐ Moderate
☐ Tight
☐ Not Available

11. *OUTLOOK FOR 1988*

	INCREASE				*DECREASE*			*OTHER*
CONSTRUCTION								
Manufacturing	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
Warehouse & Dist.	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
High Tech/R & D	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
ABSORPTION								
Manufacturing	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
Warehouse & Dist.	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
High Tech/R & D	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
SALES PRICES								
Manufacturing	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
Warehouse & Dist.	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
High Tech/R & D	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
LEASE PRICES								
Manufacturing	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
Warehouse & Dist.	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
High Tech/R & D	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
SITE PRICES	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
DOLLAR VOLUME								
SALES	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%
LEASES	☐1-5%	☐6-10%	☐11-15%	☐SAME	☐1-5%	☐6-10%	☐11-15%	OTHER____%

Please provide SIOR with a brief overview of your local economy and industrial real estate market.____________________________________

Office Markets By City

Canada

MONTREAL: OFFICE

Market Area: Montreal Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,828,349
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 14,816,147 sq.ft.
Class A & B/OutCBD: 9,420,878 sq.ft.
Class B/CBD: 8,029,404 sq.ft.

VACANT INVENTORY

Class A/CBD: 1,186,423 sq.ft.
Class A & B/OutCBD: 1,409,938 sq.ft.
Class B/CBD: 921,252 sq.ft.

VACANCY RATES

Class A/CBD: 8.1%
Class A/OutCBD: 15.0%
Class B/CBD: 11.6%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: n/a
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

1st Quebec Corp.
Olympia & York
Les Cours Mont Royal

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 11-15%
VACANCIES: n/a
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: n/a

1987 REVIEW

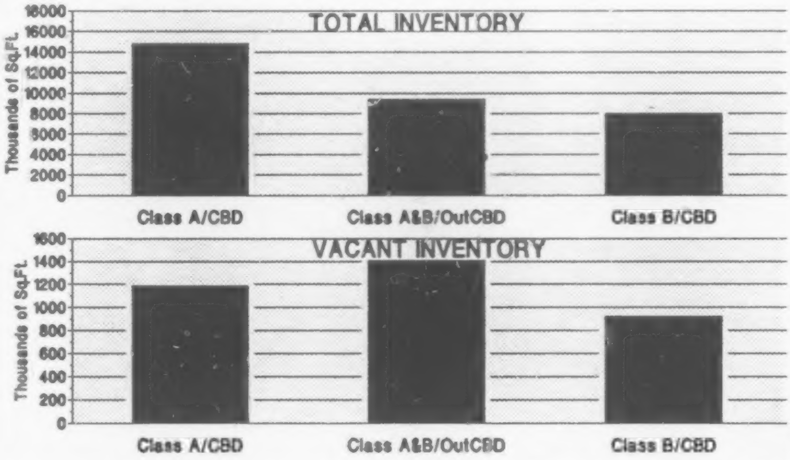
Montreal enjoyed a year of record levels of absorption of office space in 1987. Construction activity was also quite substantial, pushing vacancy rates above 10 percent. Developers and firms looking for office space are both active in areas outside the CBD and a suburban office market is rapidly developing.

The greatest demand is for relatively new Class A space. The supply is limited and tenants seeking contiguous blocks of space in excess of 50,000 square feet are often unable to locate any. They frequently settle for high quality space in older buildings.

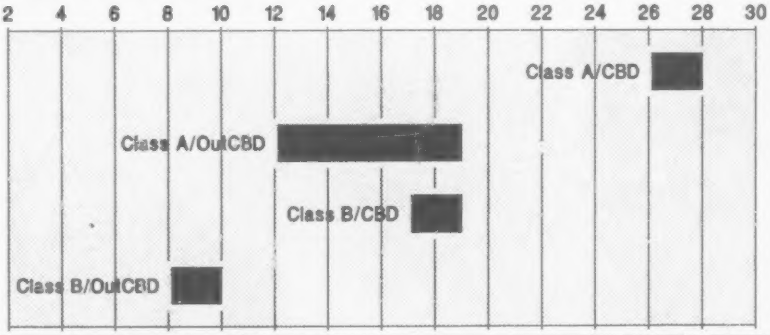
1988 FORECAST

Due to continued strength in the suburban area and the steady demand for newer Class A space in the CBD, office vacancies are expected to decline by the end of 1988. As the market tightens, rental rates will rise and concessions will become less of a factor.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: n/a

DEMOGRAPHICS

POPULATION: 3,427,168
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 6.0%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 24,634,220 sq.ft.
Class A/OutCBD: 24,764,849 sq.ft.
Class B/CBD: 12,109,362 sq.ft.
Class B/OutCBD: 26,223,091 sq.ft.

VACANT INVENTORY

Class A/CBD: 627,749 sq.ft.
Class A/OutCBD: 2,227,806 sq.ft.
Class B/CBD: 468,477 sq.ft.
Class B/OutCBD: 2,175,278 sq.ft.

VACANCY RATES

Class A/CBD: 2.5%
Class A/OutCBD: 9.0%
Class B/CBD: 3.9%
Class B/OutCBD: 8.3%

SUBLEASE INVENTORY

Class A: 95,418 sq.ft.
Class B: 22,955 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 1,176,000 sq.ft.
Class A/OutCBD: 1,531,000 sq.ft.
Class B/CBD: 300,000 sq.ft.
Class B/OutCBD: 3,574,000 sq.ft.

NET ABSORPTION

Class A/CBD: 2,145,740 sq.ft.
Class A/OutCBD: 3,976,993 sq.ft.
Class B/CBD: 1,192,621 sq.ft.
Class B/OutCBD: 996,083 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $25

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 600 sq.ft.

AVERAGE UTILITY RATES

CBD: $9-$12 per sq.ft.
OutCBD: $5-$9 per sq.ft.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Cadillac Fairview
Bramalea Co.
Oxford
Olympia & York
H & R Developments
Marborough Properties

OUTLOOK

ABSORPTION: Down 11-15%
CONSTRUCTION: Up 11-15%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

TORONTO: OFFICE

Market Area: Toronto Metropolitan Area

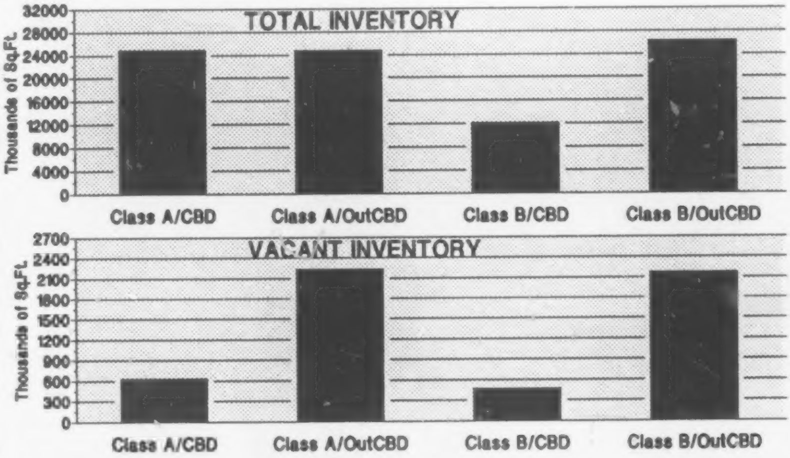
1987 REVIEW

Office market activity in Toronto was very strong in 1987. Absorption was the highest it has been since 1981. The success is attributed to the economic growth in the private sector with considerable expansion in several sectors of the local economy. Aggressive leasing activity pushed vacancy rates down and rental rates up. With the market becoming tighter and less competitive, concessions are becoming less of a factor in Toronto than is common in numerous major North American cities.

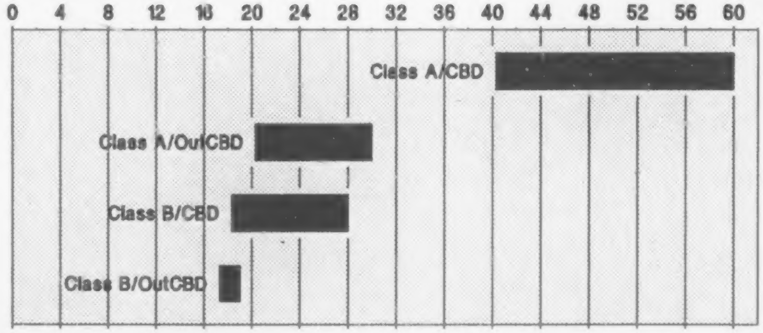
1988 FORECAST

One factor that will continue to buoy the office building market is the wide diversification of the business base in Toronto. SIOR panelists in Toronto expect absorption to retreat in 1988 just as construction increases significantly. But the strength of the market will prevent vacancies from increasing and allow modest increases in gross rental rates while concessions remain unchanged. Very few office markets display this much depth.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

England

LONDON: OFFICE

Market Area: London Metropolitan Area

Prices quoted are in U.S. currency: $1 = 0.6 pounds

1987 REVIEW

"Big Bang" deregulation in October has affected the office building market in London's inner city. Outside the central business district in the West-end, demand for space has increased due to a stronger economy.

Typical gross rental rates are much higher in London than in most U.S. cities. Concessions are limited to upgrading interior improvements which have only a minor effect on gross rental rates.

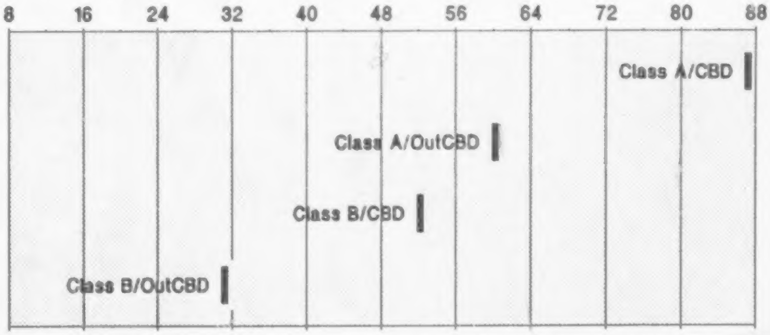
1988 FORECAST

Strong demand has resulted in development in areas of London not usually considered economically feasible in the past. Repercussions from the October stock market adjustment on Wall Street appears to have had minor effect on the office space market as a whole. SIOR Panelists expect rental rates and absorption to increase 11 to 15 percent in 1988. Construction activity will also increase with much growth located on the fringe of the central business district.

Inventory information is not currently available

OFFICE RENTAL RATES

(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 6,700,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 7.6%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class B/CBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $30 per sq.ft.

TYPICAL PARKING RATIO

CBD: 0 sq.ft.
OutCBD: 0 sq.ft.

AVERAGE UTILITY RATES

CBD: $8.30 per sq.ft.
OutCBD: $8.00 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Olympia & York
Rosehaugh
Wates
London & Edinburgh Trust
St. Martins Property

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Up 11-15%
VACANCIES: Same
RENTAL RATES: Up 11-15%
LANDLORD CONCESSIONS: Same

France

PARIS: OFFICE

Market Area: Paris Metropolitan Area

DEMOGRAPHICS

POPULATION: 10,249,000 (1986)
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 8.7% (1986)
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Approximate dollar value: n/a

TYPICAL PARKING RATIO

CBD: 1 per 5000 sq.ft.
OutCBD: 1 per 600 sq.ft.

AVERAGE UTILITY RATES

CBD: $5-$7 per sq.ft.
OutCBD: $5-$7 per sq.ft.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Bouygues
Dunez
Cogedin
Sinvin
Nevnier

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: Up 6-10%
VACANCIES: Up 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

1987 REVIEW

In terms of office market conditions, Paris differs very little from many cities in the United States. Following a build-up of office inventory, the market has become saturated and prices have been competitive. In the city, buildings near mass transportation are considered the most desirable with traffic gridlock a reality in Paris too.

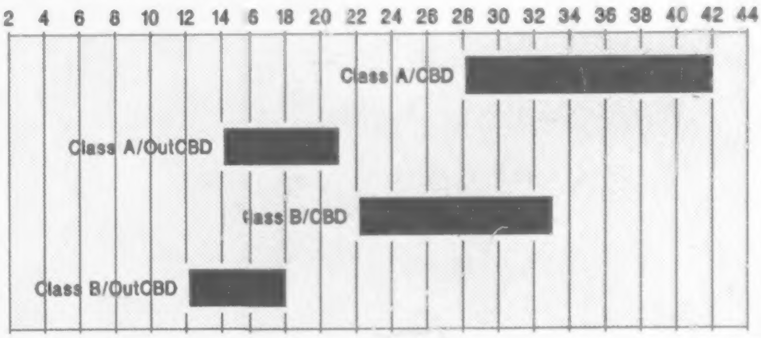
In suburban Paris, a two or three year supply of space is forcing rents down which is attracting tenants from the inner city. Foreign real estate investment is becoming more common. In the past, investors came mainly from Great Britain and The Netherlands, but recently the Japanese have begun to invest in France also.

1988 FORECAST

Construction of office buildings in the Paris area is expected to increase five to 10 percent in 1988. With an overbuilt situation in the suburbs, rental rates will remain about the same during the next 12 months while vacancies increase.

Information On Inventory Is Not Currently Available

OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking

RENTAL RATE DISCOUNT FACTOR: 11-15%

United States

ALBANY: OFFICE

Market Area: Downtown Albany, Colonie, Guilderland, Pine Bush, Clifton Park, Delmar, Wolf Road, Washington Avenue Extension, Lantham

DEMOGRAPHICS

POPULATION: 843,600 (MSA)
POPULATION GROWTH RATE: 0.1%
EMPLOYMENT GROWTH RATE: 1.9%
UNEMPLOYMENT RATE: 3.5%
PER CAPITA INCOME: $12,075

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,327,800 sq.ft.
Class A/OutCBD: 2,472,300 sq.ft.
Class B/CBD: 1,332,500 sq.ft.
Class B/OutCBD: 2,013,300 sq.ft.

VACANT INVENTORY

Class A/CBD: 114,500 sq.ft.
Class A/OutCBD: 92,800 sq.ft.
Class B/CBD: 45,000 sq.ft.
Class B/OutCBD: 234,600 sq.ft.

VACANCY RATES

Class A/CBD: 4.9%
Class A/OutCBD: 3.8%
Class B/CBD: 3.3%
Class B/OutCBD: 11.7%

SUBLEASE INVENTORY

Class A: 0 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 180,000 sq.ft.
Class A/OutCBD: 145,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 250,000 sq.ft.
Class A/OutCBD: 170,000 sq.ft.
Class B/CBD: 75,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $20

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Picotte Development
Beltrone Construction
Omni Development
L.A. Swyer Co.
Strong Associates

OUTLOOK

ABSORPTION: UP 1-5%
CONSTRUCTION: UP 6-10%
VACANCIES: UP 1-5%
RENTAL RATES: UP 1-5%
LANDLORD CONCESSIONS: UP 1-5%

1987 REVIEW

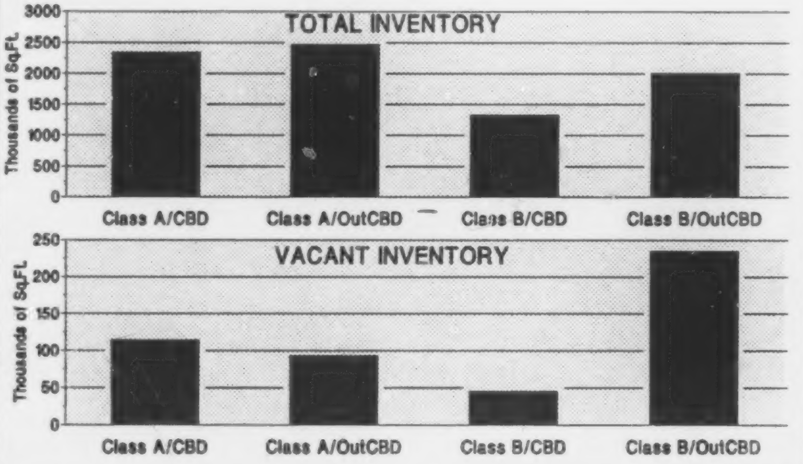
The Albany metropolitan area is currently enjoying low unemployment as non-manufacturing employment continues to increase, more than replacing lost manufacturing jobs. The state government provides a base of stability in this market area. Growth in the financial, professional, and service industries is contributing to lower office vacancy rates in both the central business district and the suburbs.

Landlord concessions are minimal in the Albany market resulting in a rental rate discount factor of five percent or less.

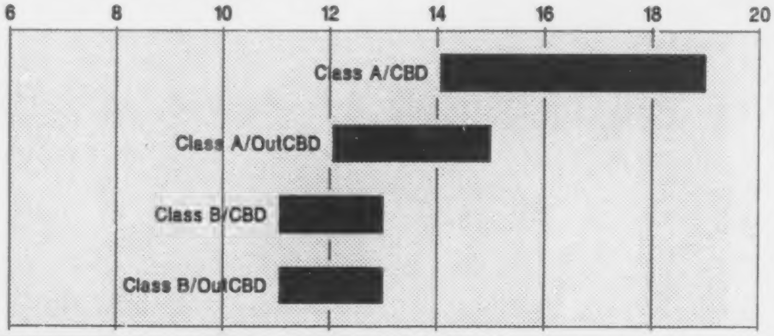
1988 FORECAST

Construction will increase six to 10 percent in 1988. Absorption will also increase moderately preventing any large increase in vacancy rates. Even though landlord concessions will increase slightly, effective rental rates will still be below the national norm.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking (Suburban Only)
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

ALBUQUERQUE: OFFICE

Market Area: Albuquerque Metropolitan Area

1987 REVIEW

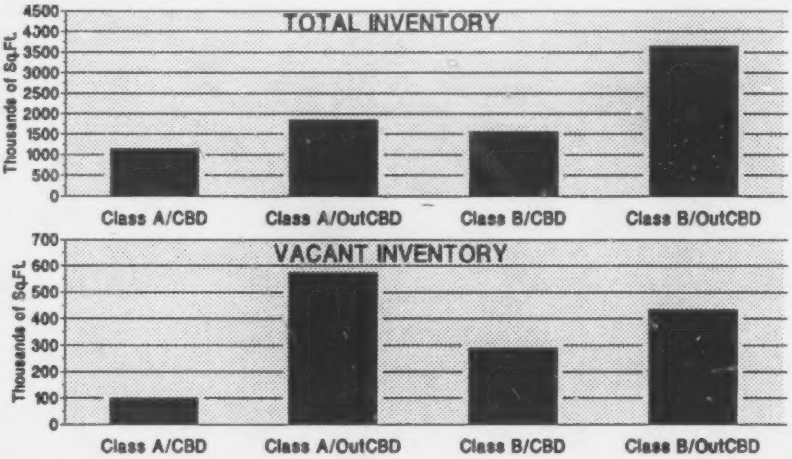
Albuquerque's economy and office market has remained relatively stable due to government and defense-related activities. Employment growth during the 10 year period between 1975 and 1985 averaged 4.4 percent annually which is relatively high compared to most cities in the United States. Gains in employment were led by non-manufacturing businesses, especially those related to defense research.

Lease concessions typically lead to rental rate discounts of between six and 10 percent.

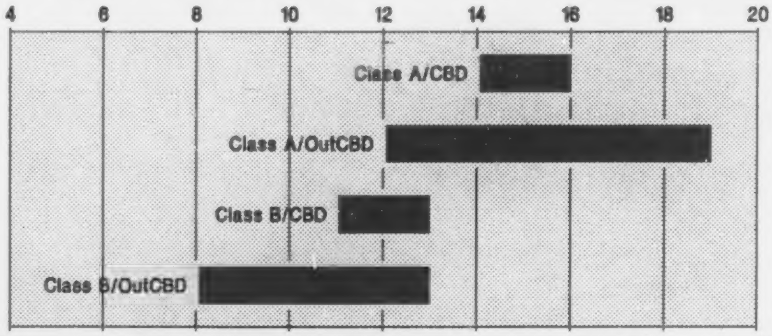
1988 FORECAST

For 1988 new construction of speculative office space is expected to be reduced, thereby allowing existing space to be absorbed. New space will probably be in suburban locations and in smaller size buildings with 15,000 to 30,000 square feet.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Fixed Rates for Extended Terms
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 474,400
POPULATION GROWTH RATE: 1.9%
EMPLOYMENT GROWTH RATE: 4.4%
UNEMPLOYMENT RATE: 6.9%
PER CAPITA INCOME: $11,381

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,140,000 sq.ft.
Class A/OutCBD: 1,850,000 sq.ft.
Class B/CBD: 1,560,000 sq.ft.
Class B/OutCBD: 3,650,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 100,000 sq.ft.
Class A/OutCBD: 575,000 sq.ft.
Class B/CBD: 290,000 sq.ft.
Class B/OutCBD: 434,000 sq.ft.

VACANCY RATES

Class A/CBD: 8.8%
Class A/OutCBD: 31.1%
Class B/CBD: 18.6%
Class B/OutCBD: 11.9%

SUBLEASE INVENTORY

Class A: 95,000 sq.ft.
Class B: 77,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 120,000 sq.ft.
Class B/CBD: 50,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 115,000 sq.ft.
Class A/OutCBD: 130,000 sq.ft.
Class B/CBD: 80,700 sq.ft.
Class B/OutCBD: 197,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $2.50 per sq.ft.
OutCBD: $2.50 per sq.ft.

OPERATING COST ESCALATION

Base year(Existing Space)
Stop: $3.75-$4.00 per sq.ft.(New Construction)

MAJOR DEVELOPERS

Hines
Trammel Crow
Cavan Associates, Ltd.

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 6-10%
VACANCIES: Down 6-10%
RENTAL RATES: Down 1-5%
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 2,560,500
POPULATION GROWTH RATE: 2.8%
EMPLOYMENT GROWTH RATE: 4.9%
UNEMPLOYMENT RATE: 4.7%
PER CAPITA INCOME: $12,808

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 8,500,000 sq.ft.
Class A/OutCBD: 35,000,000 sq.ft.
Class B/CBD: 3,200,000 sq.ft.
Class B/OutCBD: 21,000,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 1,500,000 sq.ft.
Class A/OutCBD: 8,800,000 sq.ft.
Class B/CBD: 400,000 sq.ft.
Class B/OutCBD: 4,500,000 sq.ft.

VACANCY RATES

Class A/CBD: 17.6%
Class A/OutCBD: 25.1%
Class B/CBD: 12.5%
Class B/OutCBD: 21.4%

SUBLEASE INVENTORY

Class A: 1,000,000 sq.ft.
Class B: 1,500,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 428,000 sq.ft.
Class A/OutCBD: 5,000,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 600,000 sq.ft.

NET ABSORPTION

Class A/CBD: 240,000 sq.ft.
Class A/OutCBD: 3,900,000 sq.ft.
Class B/CBD: 50,000 sq.ft.
Class B/OutCBD: 1,200,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base Year and
Stop: Typically $5.00 per sq.ft.

MAJOR DEVELOPERS

Hines
Vantage
Trammel Crow
Lincoln
Taylor & Mathis
The Landmarks Group

OUTLOOK

ABSORPTION: Down 6-10%
CONSTRUCTION: Down 11-15%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

ATLANTA: OFFICE

Market Area: Atlanta Metropolitan Area

1987 REVIEW

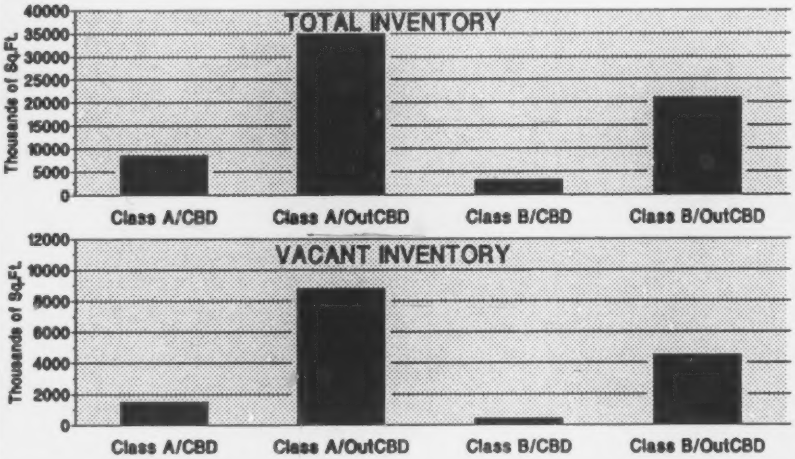
Atlanta's office market is soft due to very aggressive development in recent years. Vacancy rates are particularly high in areas outside the central business district where over 80 percent of the total office inventory is located. Absorption has been good, however, approaching 4.5 million square feet annually for the past three years.

Class A rental rates vary from $20 to $25 per square foot in the CBD and $16 to $22 per square foot in areas outside the CBD. Landlord concessions are widespread and typically lead to a discount factor of between 16 and 20 percent.

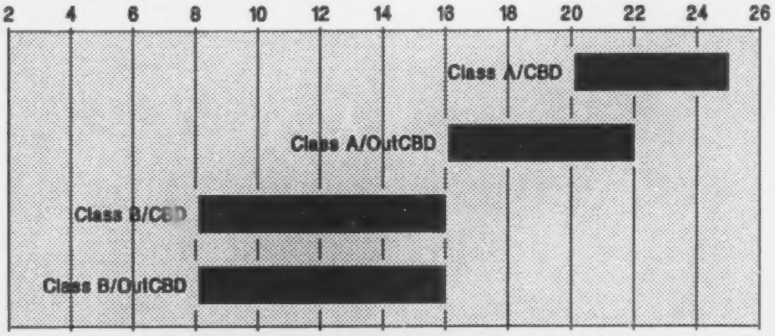
1988 REVIEW

Absorption will be off six to 10 percent in 1988. Construction will decline 11 to 15 percent so that the net result will be a slight improvement in vacancy rates. Rental rates will edge up by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Club Memberships

RENTAL RATE DISCOUNT FACTOR: 16-20%

AUSTIN: OFFICE

Market Area: Austin Metropolitan Area

1987 REVIEW

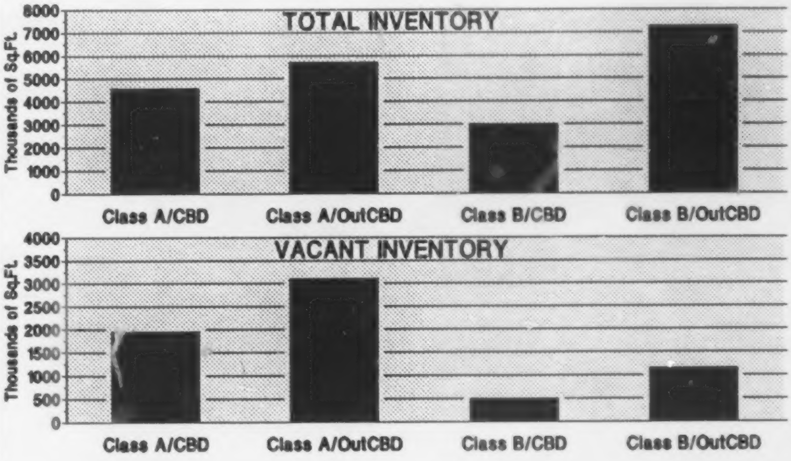
Austin has the advantage of a large government employment base which shielded the local economy from some of the economic problems which have plagued most Texas cities. Nevertheless, rapid growth during the early 1980's has left Austin with a substantial oversupply of office space.

Recently the Austin economy has shown signs of strength. SIOR panelists report that local businesses are expanding and national firms are showing more interest in Austin. Due to the high quality of available space and attractive rental rates, Austin is able to compete with Dallas, Houston, and other major cities for firms who are relocating.

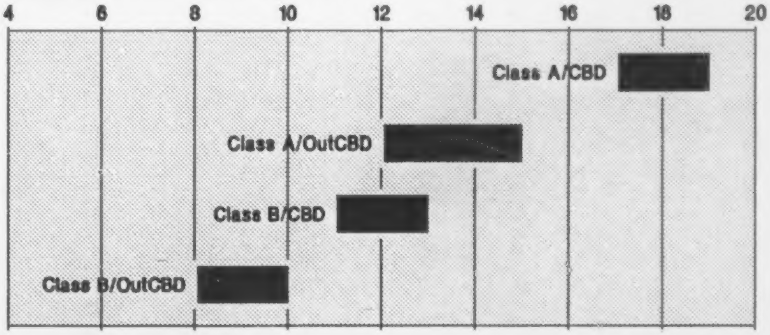
1988 FORECAST

In 1988, Austin will still be plagued with some foreclosures and bankruptcies although, by mid-year, conditions will improve. Absorption will have increased 11 to 15 percent by the end of the year. Construction will fall from already very low levels.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Club Memberships
Free Rent Over Length of Lease

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 726,400
POPULATION GROWTH RATE: 4.9%
EMPLOYMENT GROWTH RATE: 7.3%
UNEMPLOYMENT RATE: 6.5%
PER CAPITA INCOME: $12,469

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 4,577,000 sq.ft.
Class A/OutCBD: 5,715,000 sq.ft.
Class B/CBD: 3,000,000 sq.ft.
Class B/OutCBD: 7,264,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 1,950,000 sq.ft.
Class A/OutCBD: 3,100,000 sq.ft.
Class B/CBD: 500,000 sq.ft.
Class B/OutCBD: 1,150,000 sq.ft.

VACANCY RATES

Class A/CBD: 42.6%
Class A/OutCBD: 54.2%
Class B/CBD: 16.7%
Class B/OutCBD: 15.8%

SUBLEASE INVENTORY

Class A: N/A
Class B: N/A

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 320,000 sq.ft.
Class A/OutCBD: 450,000 sq.ft.
Class B/CBD: 20,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12 (Below Ceiling)

TYPICAL PARKING RATIO

CBD: 1 per 500 sq.ft.
OutCBD: 1 per 300 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.80-$2.16/sq.ft.
OutCBD: $1.32-$1.80/sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: CBD - NNN (caps on Class B)
Suburban - $5.50

MAJOR DEVELOPERS

Vantage
Trammel Crow
Lincoln
Southland Corp.

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Down 1-5%
VACANCIES: Down 11-15%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

BALTIMORE: OFFICE

Market Area: Baltimore Metro Area

1987 REVIEW

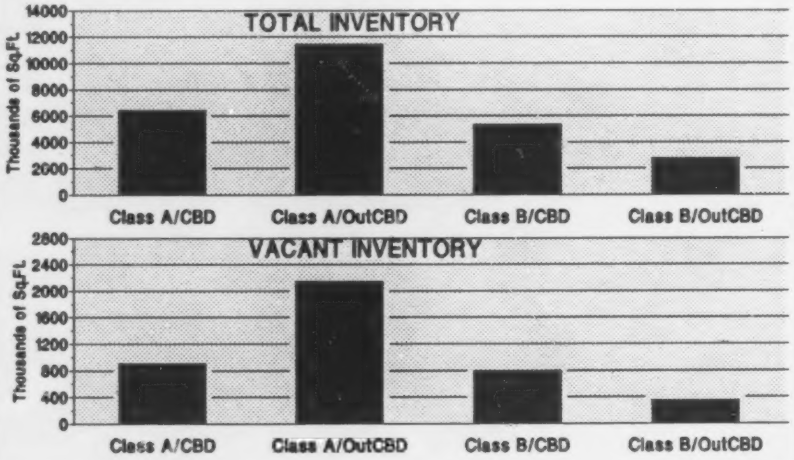
In the past few years Baltimore's economy has managed to grow at a slow, steady pace. Overall employment has grown at an annual rate of about two percent. Office employment and the inventory of office space, however, has grown more rapidly. The Baltimore market area currently has over 26 million square feet of space.

Vacancy rates for class A space are 14.1 percent in the CBD and 18.7 percent in areas outside the CBD. Rental rates are in the low $20's for Class A space in the CBD and the high teens for similar space in suburban areas. Typical landlord concessions discount quoted gross rental rates by 11 to 15 percent.

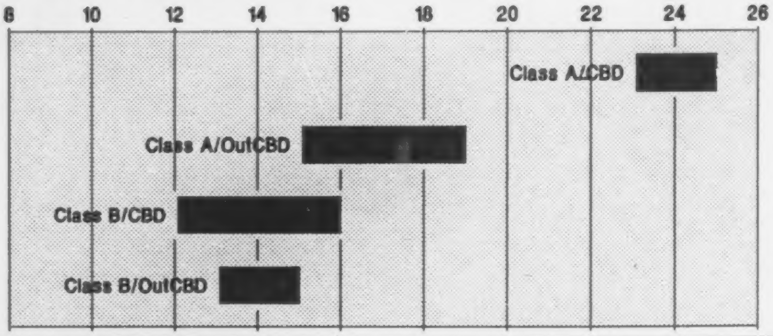
1988 FORECAST

SIOR panelists in Baltimore expect rental rates to firm up and vacancies to fall in 1988. This is due to a slowdown in new construction, especially in the CBD. A tighter market should lead to fewer concessions.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 2,280,000
POPULATION GROWTH RATE: 0.5%
EMPLOYMENT GROWTH RATE: 2.0%
UNEMPLOYMENT RATE: 4.5%
PER CAPITA INCOME: $12,545

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 6,456,804 sq.ft.
Class A/OutCBD: 11,454,664 sq.ft.
Class B/CBD: 5,366,151 sq.ft.
Class B/OutCBD: 2,763,523 sq.ft.

VACANT INVENTORY

Class A/CBD: 912,563 sq.ft.
Class A/OutCBD: 2,145,816 sq.ft.
Class B/CBD: 792,934 sq.ft.
Class B/OutCBD: 345,255 sq.ft.

VACANCY RATES

Class A/CBD: 14.1%
Class A/OutCBD: 18.7%
Class B/CBD: 14.8%
Class B/OutCBD: 12.4%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 775,000 sq.ft.
Class A/OutCBD: 1,558,971 sq.ft.
Class B/CBD: 10,894 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 133,715 sq.ft.
Class A/OutCBD: 1,450,301 sq.ft.
Class B/CBD: 92,000 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $2.00 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop

MAJOR DEVELOPERS

Trammel Crow
Oxford
The Rouse Company
Cabot, Cabot, & Forbes
Cadillac Fairview

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 6-10%
VACANCIES: Down 11-15%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 6-10%

DEMOGRAPHICS

POPULATION: 3,560,000
ANNUAL GROWTH RATE: 0.4%
TOTAL EMPLOYMENT: 1,760,000
UNEMPLOYMENT RATE: 6.9%
PER CAPITA INCOME: $10,588

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,439,500 sq.ft.
Class A/OutCBD: 2,014,000 sq.ft.
Class B/CBD: 1,592,500 sq.ft.
Class B/OutCBD: 3,625,550 sq.ft.

VACANT INVENTORY

Class A/CBD: 326,900 sq.ft.
Class A/OutCBD: 340,365 sq.ft.
Class B/CBD: 240,460 sq.ft.
Class B/OutCBD: 641,700 sq.ft.

VACANCY RATES

Class A/CBD: 13.4%
Class A/OutCBD: 16.9%
Class B/CBD: 15.1%
Class B/OutCBD: 17.7%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 735,000 sq.ft.
Class A/OutCBD: 525,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 144,000 sq.ft.
Class A/OutCBD: 252,000 sq.ft.
Class B/CBD: 96,000 sq.ft.
Class B/OutCBD: 108,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.75 per sq.ft.
OutCBD: $1.60 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

AmSouth/Harbert
Carter & Associates
Daniel Realty

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 1-5%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

BIRMINGHAM: OFFICE

Market Area: Birmingham, Riverchase, Highway 280 area, Homewood, and Vestavia.

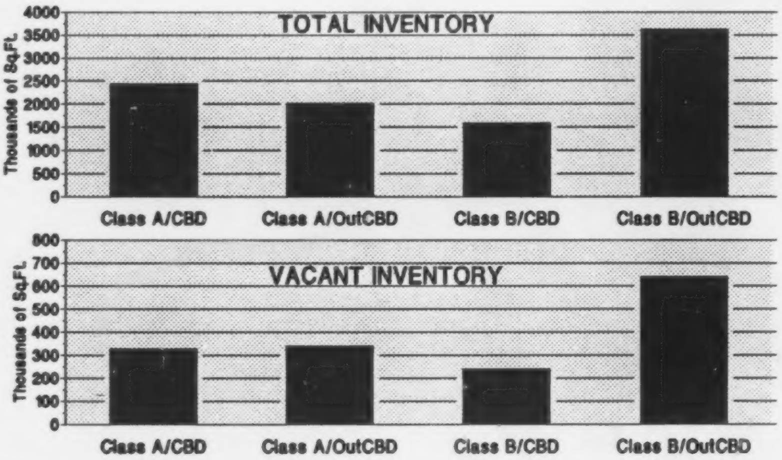
1987 REVIEW

Birmingham's office market is benefiting from the gradual transition of Birmingham's economy away from an over-reliance on its manufacturing base. Employment in non-manufacturing industries increased at an average annual rate of 2.5 percent in this market area during the period between 1980 and 1985. Manufacturing employment actually declined an average of 2.1 percent annually during this period.

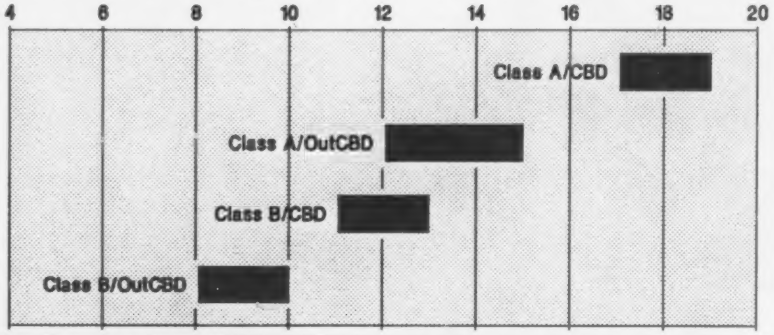
1988 FORECAST

The diversification of Birmingham's economic base has strenghthened the economy and the dollar volume of all construction should continue at a high level. The largest office building growth is occurring along U.S. highway 280 and 31/I-65 corridors. The downtown office occupancy rate will improve with the advent of the 600,000 square foot AmSouth/Harbert Towers.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

BOSTON: OFFICE

Market Area: Boston Metropolitan Area

1987 REVIEW

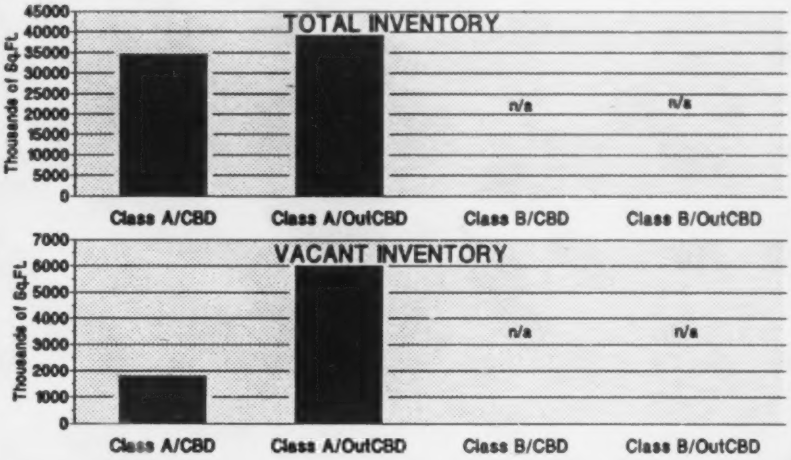
Boston has emerged as one of the strongest office markets in the United States. At the end of 1987, only 5.2 percent of the 34 million square feet of CBD Class A office space was vacant and available for lease. Quoted gross rental rates for class A CBD space range from $28 to $48 per square foot. Typically, concessions result in a discount factor of between 11 and 15 percent.

Because of high annual construction of new space in recent years, vacancy rates in areas outside the CBD are about 15 percent.

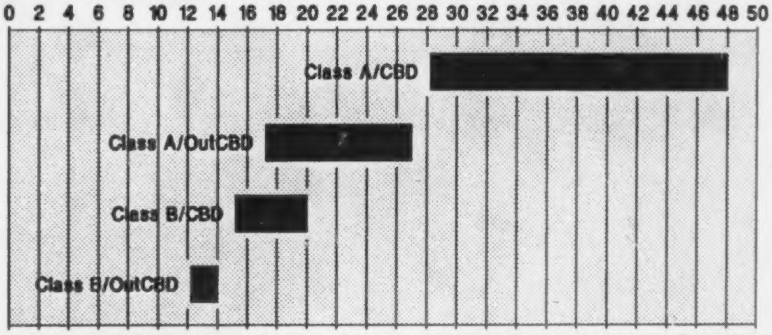
1988 FORECAST

Absorption reached record levels in 1987 (5.6 million sq.ft.) but is expected to fall off by one to five percent in 1988. Rental rates are expected to remain unchanged due to a considerable inventory of new product.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements
- Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 2,824,000
POPULATION GROWTH RATE: 0.7%
EMPLOYMENT GROWTH RATE: 2.6%
UNEMPLOYMENT RATE: 3.4%
PER CAPITA INCOME: $14,747

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 34,000,000 sq.ft.
Class A/OutCBD: 39,200,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 1,800,000 sq.ft.
Class A/OutCBD: 6,000,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 5.2%
Class A/OutCBD: 15.3%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 1,500,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 2,600,000 sq.ft.
Class A/OutCBD: 2,000,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 1,900,000 sq.ft.
Class A/OutCBD: 3,700,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12-$50

TYPICAL PARKING RATIO

CBD: Low Availabiity
OutCBD: 1 per 3500 sq. ft.

AVERAGE UTILITY RATES

CBD: $0.50-$0.75 per sq.ft.
OutCBD: $0.50-$0.75 per sq.ft.

OPERATING COST ESCALATION

Base year and Stop: $4.50-$5.50 per sq.ft.

MAJOR DEVELOPERS

n/a

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: Down 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 440,000
POPULATION GROWTH RATE: 0.2%
EMPLOYMENT GROWTH RATE: 3.4%
UNEMPLOYMENT RATE: 3.6%
PER CAPITA INCOME: $18,921

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 496,000 sq.ft.
Class A/OutCBD: 4,015,000 sq.ft.
Class B/CBD: 1,850,000 sq.ft.
Class B/OutCBD: 1,065,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 176,000 sq.ft.
Class A/OutCBD: 639,000 sq.ft.
Class B/CBD: 267,000 sq.ft.
Class B/OutCBD: 326,000 sq.ft.

VACANCY RATES

Class A/CBD: 35.5%
Class A/OutCBD: 15.9%
Class B/CBD: 14.4%
Class B/OutCBD: 30.6%

SUBLEASE INVENTORY

Class A: 104,000 sq.ft.
Class B: 230,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 200,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD 62,000 sq.ft.
Class A/OutCBD: 458,000 sq.ft.
Class B/CBD: 40,000 sq.ft.
Class B/OutCBD: 83,000 sq.ft.

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $18-$20

TYPICAL PARKING RATIO

CBD: 1 per 500 sq.ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.25-$1.50 per sq.ft.
OutCBD: $1.25-$1.50 per sq.ft.

OPERATING COST ESCALATION

Stop: $4.00-$4.50 per sq.ft.

MAJOR DEVELOPERS

R.D. Scinto
Seltzer
David Mack
American Trading R.E.

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Down 6-10%
VACANCIES: Down 6-10%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Down 1-5%

BRIDGEPORT: OFFICE

Market Area: Bridgeport, Stratford, Fairfield, Monroe, Trumbull, Shelton

1987 REVIEW

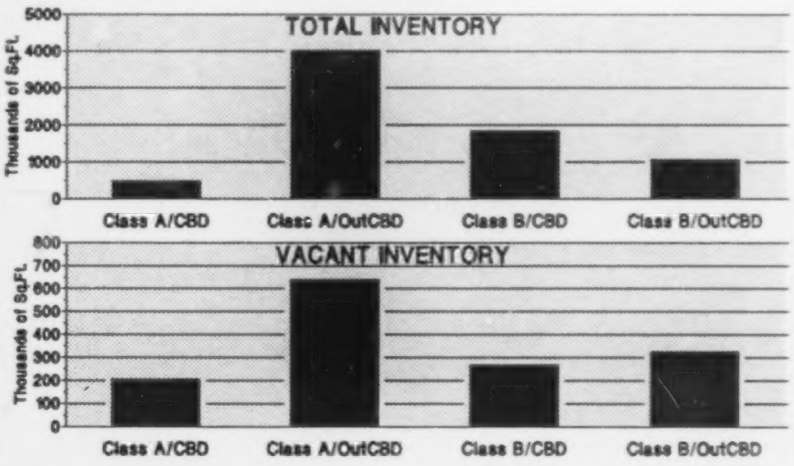
The Bridgeport market area has nearly 7.5 million square feet of office space. Over one-half of the total inventory is Class A space located in areas outside the CBD which currently has a vacancy factor of 15.9 percent.

About 200,000 square feet of office space is presently under construction – all Class A space in suburban areas. Net absorption for the entire market reached nearly 650,000 square feet in 1987. Leasing in the suburban areas was especially active during the latter part of 1987.

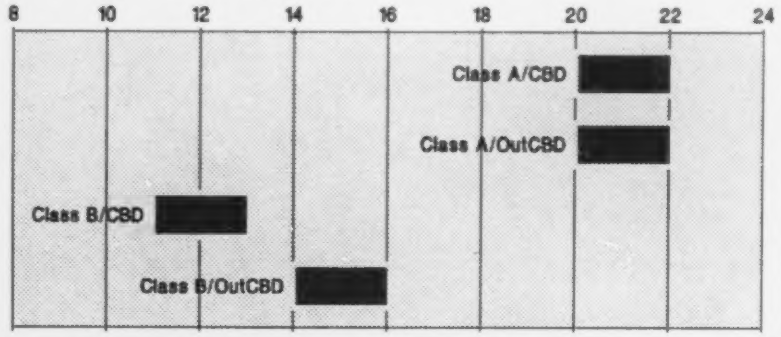
1988 FORECAST

SIOR panelists in Bridgeport expect demand for Class A space to remain strong into 1988 leading to slight decrease in vacancy rates. Rental rates will rise six to 10 percent and landlord concessions will fall off one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Guarantee of Expansion
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

BUFFALO: OFFICE

Market Area: Buffalo, Amherst

1987 REVIEW

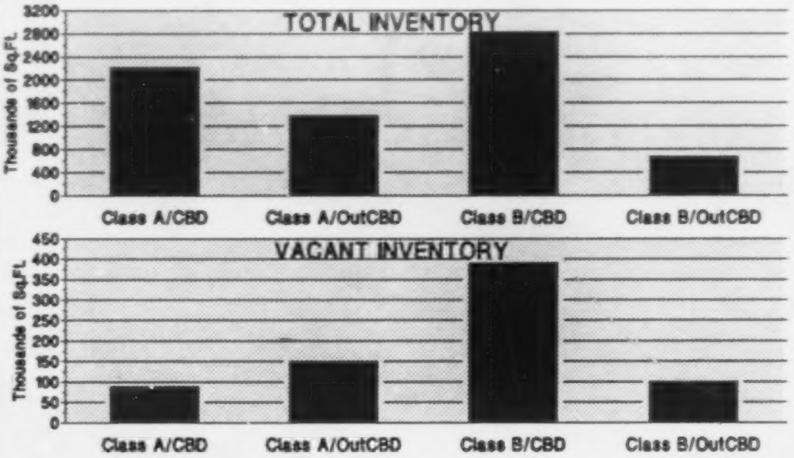
Buffalo's economy has had to overcome deep structural changes. Major firms in the steel, transportation equipment, and electrical machinery industries still have a presence in Buffalo. But, while manufacturing employment has fallen off sharply, jobs in office-intensive industries such as services, finance, and insurance have increased.

Over 70 percent of Buffalo's office inventory is located in the CBD. The vacancy rate for Class A space in the CBD is only four percent. Construction of new space in 1987 was minimal. Quoted gross rental rates for Class A space in the CBD are only $20 to $22 per square foot.

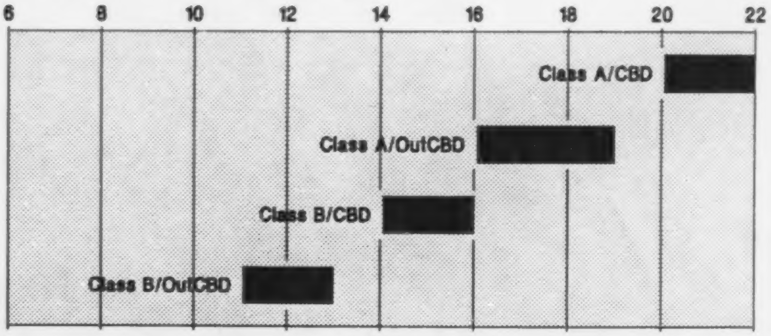
1988 FORECAST

SIOR panelists in Buffalo expect increases of between one and five percent in absorption, construction, and rental rates during 1988. Overall vacancies will decline by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Parking

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 964,700
POPULATION GROWTH RATE: -0.9%
EMPLOYMENT GROWTH RATE: 0.2%
UNEMPLOYMENT RATE: 5.0%
PER CAPITA INCOME: $11,680

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,211,541 sq.ft.
Class A/OutCBD: 1,384,000 sq.ft.
Class B/CBD: 2,842,000 sq.ft.
Class B/OutCBD: 670,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 88,488 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 390,000 sq.ft.
Class B/OutCBD: 100,000 sq.ft.

VACANCY RATES

Class A/CBD: 4.0%
Class A/OutCBD: 10.8%
Class B/CBD: 13.7%
Class B/OutCBD: 14.9%

SUBLEASE INVENTORY

Class A: 0 sq.ft.
Class B: 10,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 30,000 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: 50,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

NET ABSORPTION

Class A/CBD: 12,500 sq.ft.
Class A/OutCBD: 27,500 sq.ft.
Class B/CBD: 35,000 sq.ft.
Class B/OutCBD: 40,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.00-$1.15 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Uniland
Ciminelli

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 485,700
POPULATION GROWTH RATE: 2.1%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 3.7%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 400,000 sq.ft.
Class A/OutCBD: 600,000 sq.ft.
Class B/CBD: 360,000 sq.ft.
Class B/OutCBD: 300,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 40,000 sq.ft.
Class A/OutCBD: 30,000 sq.ft.
Class B/CBD: 36,000 sq.ft.
Class B/OutCBD: 30,000 sq.ft.

VACANCY RATES

Class A/CBD: 10.0%
Class A/OutCBD: 5.0%
Class B/CBD: 10.0%
Class B/OutCBD: 10.0%

SUBLEASE INVENTORY

Class A: 25,000 sq.ft.
Class B: 10,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 60,000 sq.ft.
Class B/CBD: 10,000 sq.ft.
Class B/OutCBD: 25,000 sq.ft.

NET ABSORPTION

Class A/CBD: 80,000 sq.ft.
Class A/OutCBD: 60,000 sq.ft.
Class B/CBD: 15,000 sq.ft.
Class B/OutCBD: 20,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 500 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.25 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Oxford
Armada Hoffler
Paragon

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 6-10%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

CHARLESTON, SC: OFFICE

Market Area: Charleston Metropolitan Area

1987 REVIEW

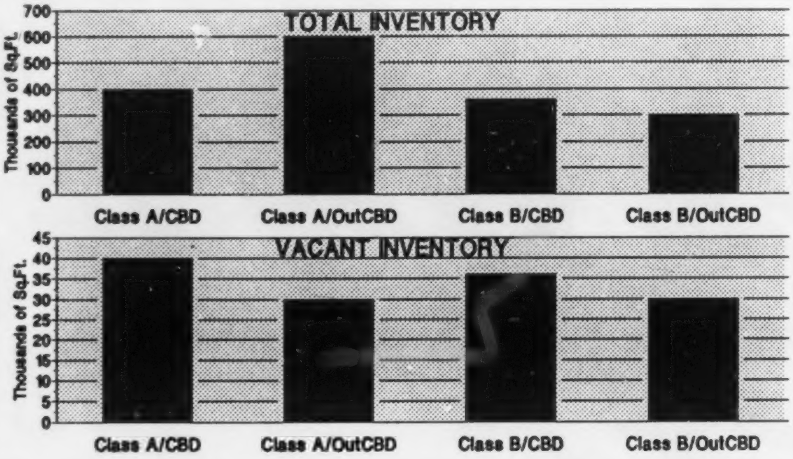
Charleston has a relatively small office market with about 1.5 million square feet of inventory of which two-thirds is Class A space. Vacancies are currently 10 percent throughout the market area except for Class A space in locations outside the CBD where five percent is vacant and available for lease.

Quoted rental rates for Class A space range from $12 to $16 dollars. Landlord concessions are minimal, amounting to a discount factor of five percent or less.

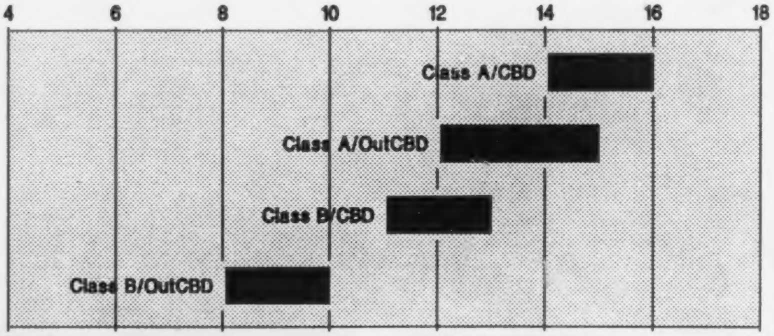
1988 FORECAST

SIOR panelists in Charleston expect net absorption and rental rates to increase by one to five percent in 1988. Landlord concessions will continue to have little or no effect on gross rental rates. Construction activity will be up by six to 10 percent but increasing absorption will prevent vacancies from increasing.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 1,065,400
POPULATION GROWTH RATE: 1.5%
EMPLOYMENT GROWTH RATE: 3.0%
UNEMPLOYMENT RATE: 3.3%
PER CAPITA INCOME: $11,498

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 4,500,000 sq.ft.
Class A/OutCBD: 4,000,000 sq.ft.
Class B/CBD: 2,874,000 sq.ft.
Class B/OutCBD: 3,700,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 275,000 sq.ft.
Class A/OutCBD: 1,200,000 sq.ft.
Class B/CBD: 150,000 sq.ft.
Class B/OutCBD: 900,000 sq.ft.

VACANCY RATES

Class A/CBD: 6.1%
Class A/OutCBD: 30.0%
Class B/CBD: 5.2%
Class B/OutCBD: 24.3%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD:1,298,000 sq.ft.
Class A/OutCBD: 480,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 350,000 sq.ft.
Class A/OutCBD: 550,000 sq.ft.
Class B/CBD: 50,000 sq.ft.
Class B/OutCBD: 150,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 1 per 5000 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.10 per sq.ft.
OutCBD: $1.10 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base Year and Stop: $4.00 per sq.ft.

MAJOR DEVELOPERS

Trammel Crow
Lincoln
Fason Associates
Bissell Company
Urbco

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 6-10%
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

CHARLOTTE: OFFICE

Market Area: Charlotte Metropolitan Area

1987 REVIEW

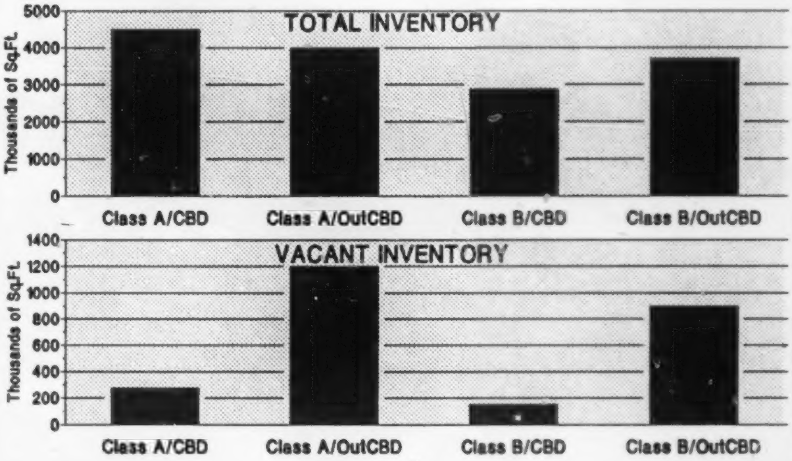
Charlotte's office market has been fueled by the growth of its major regional banks, CNCNB and First Union. The area also has a modern international airport and a local government with an active, pro-growth orientation.

Vacancy rates in areas outside the CBD are currently relatively high -- about 24 to 30 percent. In contrast, the CBD market has a relatively low vacancy factor. Quoted rental rates for Class A space range from $16 to $19 dollars per square foot. Landlord concessions typically diminish gross rental rates by a discount factor of 11 to 15 percent.

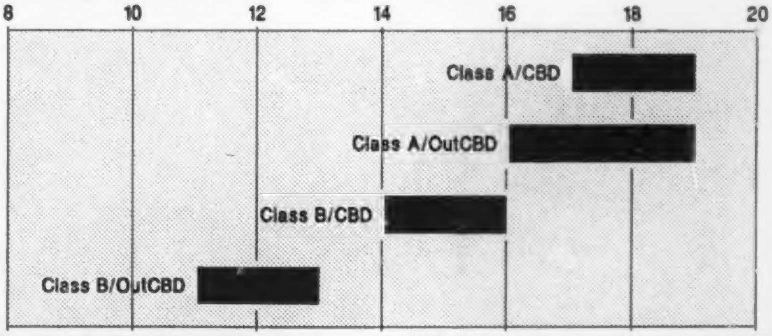
1988 FORECAST

SIOR panelists in Charlotte expect absorption to be flat in 1988 after 1987 absorption topped one million square feet. Construction will increase six to 10 percent and rental rates will edge up by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 11-15%

CHICAGO: OFFICE

Market Area: Chicago Metropolitan Area

1987 REVIEW

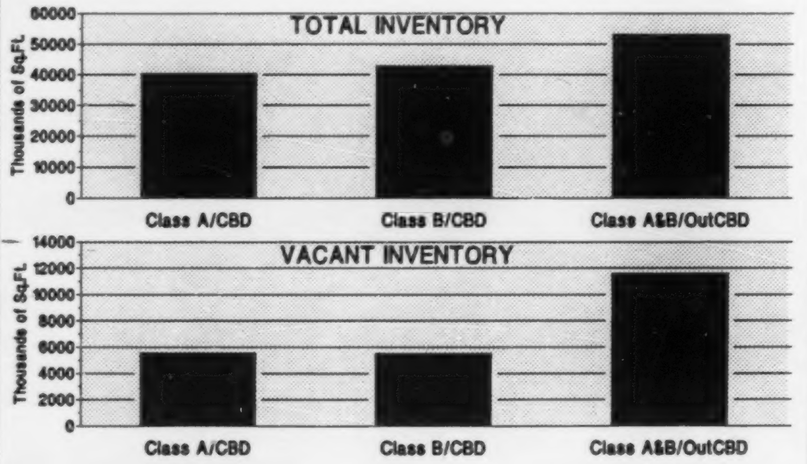
According to a recent Salomon Brothers report, *Chicago Real Estate Market*, Chicago's employment base is 60 percent more office-intensive than is typical nationwide. Between 1983 and 1986 office employment in Chicago increased 5.6 percent annually.

The Chicago metro area has approximately 136 million square feet of rentable office space (not including owner-occupied space). Over 9.8 million square feet of new office space is presently under construction with 80 percent of it located in the CBD.

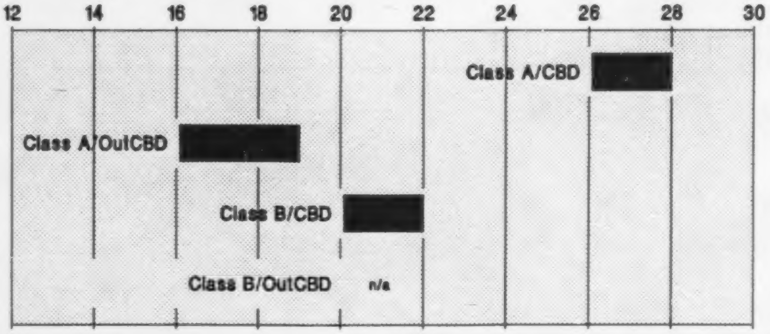
1988 FORECAST

SIOR panelists in Chicago expect rental rates to increase moderately in 1988. Landlord concessions will decrease, reducing the spread between gross and effective rates. Absorption will be strong enough to reduce vacancies by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: *n/a*

DEMOGRAPHICS

POPULATION: 6,188,000
POPULATION GROWTH RATE: 0.4%
EMPLOYMENT GROWTH RATE: 1.2%
UNEMPLOYMENT RATE: 5.8%
PER CAPITA INCOME: $13,555

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 40,454,120 sq.ft.
Class B/CBD: 42,763,021 sq.ft.
Class A & B/OutCBD: 53,202,650 sq.ft.

VACANT INVENTORY

Class A/CBD: 5,563,609 sq.ft.
Class B/CBD:5,537,907 sq.ft.
Class A & B/OutCBD: 11,612,456 sq.ft.

VACANCY RATES

Class A/CBD: 13.8%
Class B/CBD: 12.9%
Class A & B/OutCBD: 21.8%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 7,898,000 sq.ft.
Class A/OutCBD: 1,915,682 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: Varies Considerably

TYPICAL PARKING RATIO

CBD: None
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.35 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Net

MAJOR DEVELOPERS

Vantage
Trammel Crow
Lincoln
Fifield Development
John Buck Co.
Metropolitan Structures
Hawthorn Realty
Stein & Co.

OUTLOOK

ABSORPTION: n/a
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

CINCINNATI: OFFICE

Market Area: Cincinnati Metropolitan Area, Northern Kentucky, Tri-County, Blue Ash

1987 REVIEW

Cincinnati is the headquarters for several national firms. Proctor & Gamble and Federated Department Stores are two of the areas largest employers.

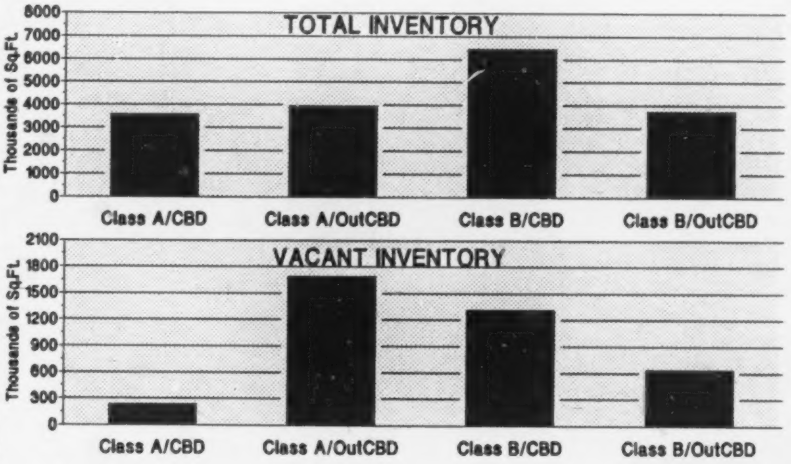
There is currently only about 237,000 square feet of vacant Class A space in the CBD out of an inventory of over 3.5 million square feet (6.6 percent). In sharp contrast is the oversupply of Class A space in the suburban areas where nearly 1.7 million square feet are vacant and available to lease. Absorption of Class A space in 1987 totaled 590,000 square feet.

Concessions are typically used to attract tenants with gross rental rates discounted anywhere from 11 to 20 percent.

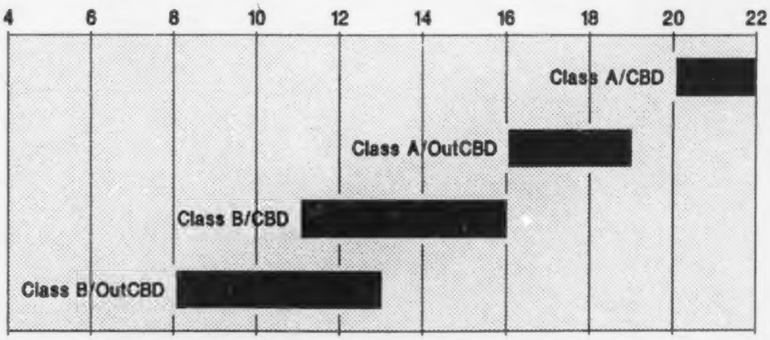
1988 FORECAST

SIOR panelists in the Cincinnati area expect some shortages in 1988 before the next generation of office space comes on stream in 1989. Vacancies will fall by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-20%

DEMOGRAPHICS

POPULATION: 1,418,600
POPULATION GROWTH RATE: 0.1%
EMPLOYMENT GROWTH RATE: 1.7%
UNEMPLOYMENT RATE: 5.1%
PER CAPITA INCOME: $11,938

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 3,580,400 sq.ft.
Class A/OutCBD: 3,945,808 sq.ft.
Class B/CBD: 6,431,444 sq.ft.
Class B/OutCBD: 3,740,075 sq.ft.

VACANT INVENTORY

Class A/CBD: 237,079 sq.ft.
Class A/OutCBD: 1,689,008 sq.ft.
Class B/CBD: 1,314,045 sq.ft.
Class B/OutCBD: 635,000 sq.ft.

VACANCY RATES

Class A/CBD: 6.6%
Class A/OutCBD: 42.8%
Class B/CBD: 20.4%
Class B/OutCBD: 17.1%

SUBLEASE INVENTORY

Class A: 0 sq.ft.
Class B: 215,116 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 1,200,000 sq.ft.
Class A/OutCBD: 850,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 63,000 sq.ft.

NET ABSORPTION

Class A/CBD: 225,000 sq.ft.
Class A/OutCBD: 365,000 sq.ft.
Class B/CBD: 50,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.30 per sq.ft.
OutCBD: $1.50 per sq.ft.

OPERATING COST ESCALATION

Base year or Stop: $4.50 per sq.ft.

MAJOR DEVELOPERS

Hines
Vanatage
Trammel Crow
Linclay Corp.
Prudential
P.R. Duke

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 1,850,000
POPULATION GROWTH RATE: -0.4%
EMPLOYMENT GROWTH RATE: 0.2%
UNEMPLOYMENT RATE: 5.1%
PER CAPITA INCOME: $13,151

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 9,448,893 sq.ft.
Class A/OutCBD: 9,517,976 sq.ft.
Class B/CBD: 6,842,543 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 1,074,426 sq.ft.
Class A/OutCBD: 1,487,464 sq.ft.
Class B/CBD: 992,224 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 11.4%
Class A/OutCBD: 15.6%
Class B/CBD: 14.5%
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 210,466 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 516,456 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 649,905 sq.ft.
Class A/OutCBD: 658,607 sq.ft.
Class B/CBD: 262,142 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $15-$20

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.25 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Jacobs Visconsi & Jacobs

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

CLEVELAND: OFFICE

Market Area: Cleveland Metropolitan Area

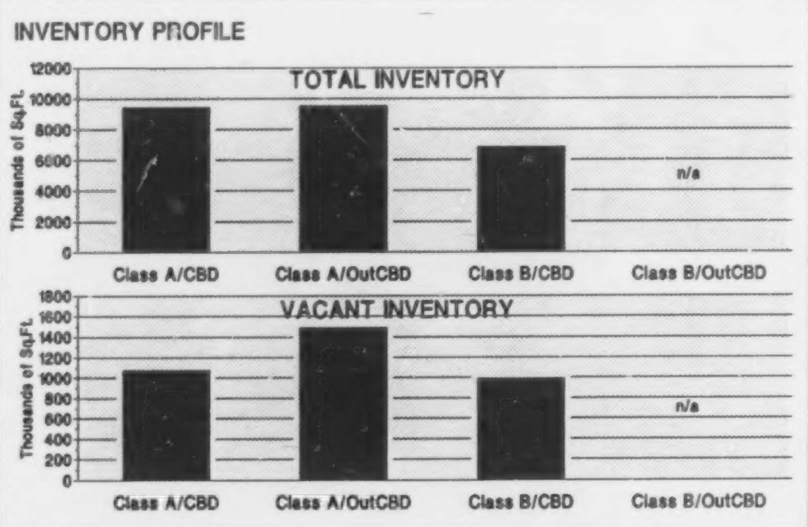
1987 REVIEW

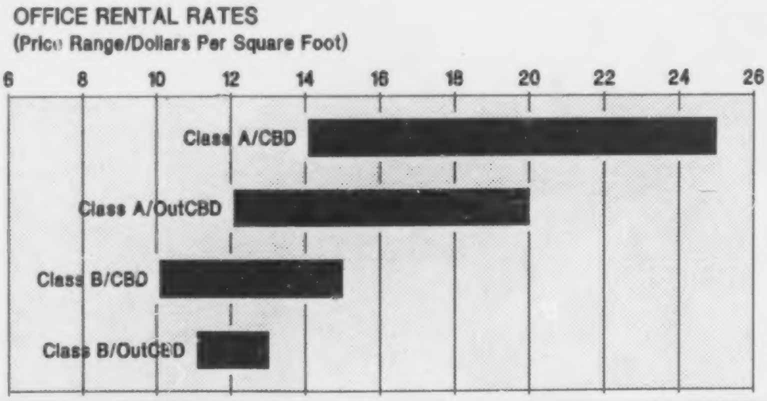
Cleveland's economy is currently enjoying a strong, vibrant resurgence. Although Cleveland's employment base has a high concentration of manufacturing jobs, office-intensive service employment growth has been very strong in recent years.

Office properties in suburban markets account for approximately 37 percent of the overall Cleveland office inventory and are currently nearly 86 percent occupied. The downtown Class A market has about 9.5 million square feet and has a vacancy factor of 11.4 percent.

1988 FORECAST

There is a need for new office construction in the central business district. A shortage of Class A space is imminent. Projects now in the planning stages will not come on line until 1989 at the earliest. Tenants requiring large blocks of Class A space will have few options.





TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 444,700
POPULATION GROWTH RATE: 1.3%
EMPLOYMENT GROWTH RATE: 2.8%
UNEMPLOYMENT RATE: 3.4%
PER CAPITA INCOME: $10,678

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 3,000,000 sq.ft.
Class A/OutCBD: 1,200,000 sq.ft.
Class B/CBD: 1,000,000 sq.ft.
Class B/OutCBD: 800,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 500,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: 200,000 sq.ft.

VACANCY RATES

Class A/CBD: 16.7%
Class A/OutCBD: 25.0%
Class B/CBD: 20.0%
Class B/OutCBD: 25.0%

SUBLEASE INVENTORY

Class A: 300,000 sq.ft.
Class B: 100,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 400,000 sq.ft.
Class A/OutCBD: 200,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 100,000

NET ABSORPTION

Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: 50,000 sq.ft.
Class B/CBD: 25,000 sq.ft.
Class B/OutCBD: 20,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $2.25 per sq.ft.
OutCBD: $1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year or Stop: $3.75-$4.00 per sq.ft.

MAJOR DEVELOPERS

Lincoln
Leo Eisenberg
Hooker Barnes
Horse Shoe

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 1-5%
RENTAL RATES: Down 6-10%
LANDLORD CONCESSIONS: Up 11-15%

COLUMBIA, SC: OFFICE

Market Area: Columbia Metropolitan Area

1987 REVIEW

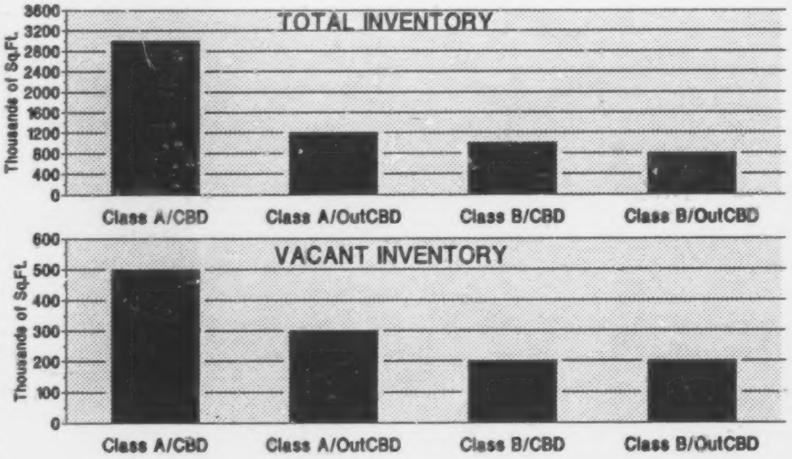
Columbia's economy is remarkably stable due to the presence of the state government, the University of South Carolina, and the military. Columbia is also the financial center of South Carolina.

Currently Columbia has an excess inventory of office space. Vacancy rates for Class A space range from 16.7 percent in the CBD to 25 percent in suburban areas. Approximately 600,000 square feet of Class A space is presently under construction. Net absorption of Class A space in 1987 was 200,000 square feet. Concessions resulted in a gross rental rate discount factor of only six to 10 percent.

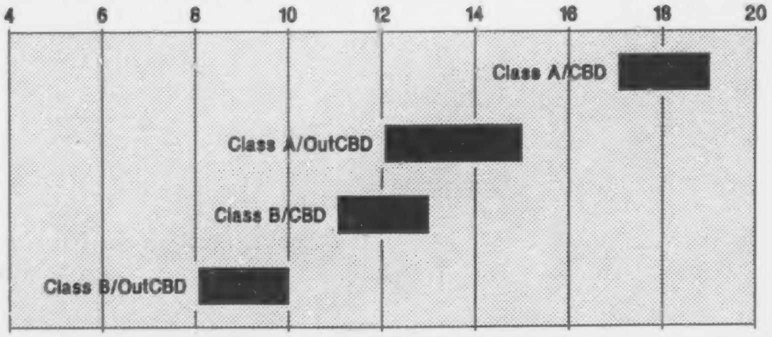
1988 FORECAST

SIOR panelists in Columbia are forecasting strong absorption in 1988, increasing from six to 10 percent. Due to even larger increases in construction, vacancies will increase slightly and rental rates will fall six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Parking
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

COLUMBUS, OH: OFFICE

Market Area: Columbus Metropolitan Area

1987 REVIEW

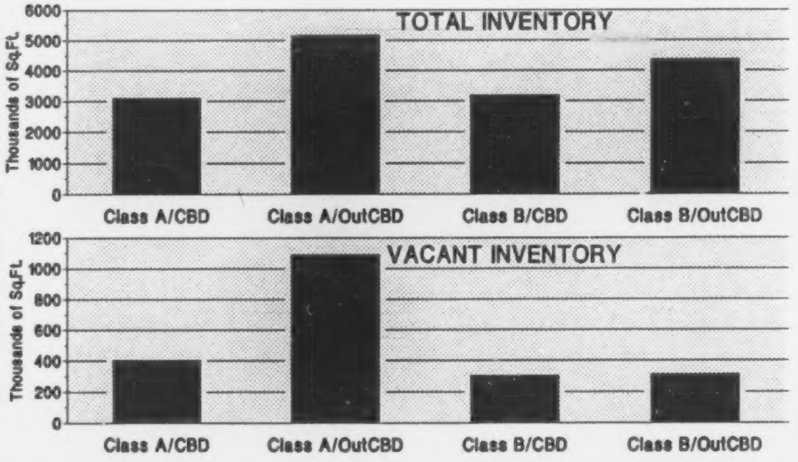
Columbus has gained a reputation as a youthful, dynamic city. It is the headquarters of several national franchises such as Wendy's and The Limited; it is the third largest data processing center in the world; and the world's largest private research institute -- the Battelle Memorial Institute -- is located near Ohio State University.

Nearly 725,000 square feet of Class A space was absorbed in 1987. Vacancy rates for Class A space range from 13.1 percent in the CBD to 21 percent in the suburbs. Construction has been strong. About 1.3 million square feet of new space will be available for occupancy by the end of 1988.

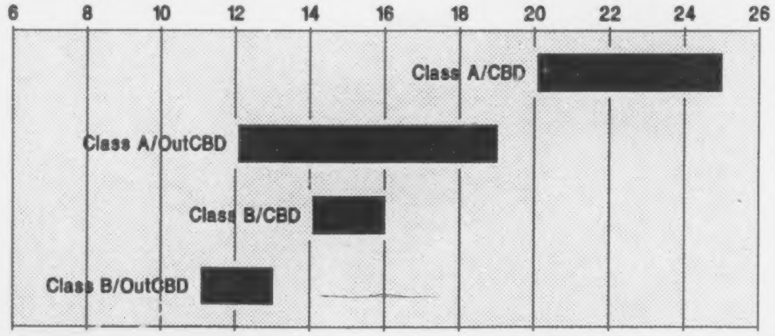
1988 FORECAST

SIOR panelists in Columbus expect absorption and construction to increase six to 10 percent in 1988. Rental rates will edge up by one to five percent. New developers are looking aggressively at the Columbus market.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 1,299,400
POPULATION GROWTH RATE: 0.7%
EMPLOYMENT GROWTH RATE: 2.2%
UNEMPLOYMENT RATE: 4.8%
PER CAPITA INCOME: $11,663

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 3,094,383 sq.ft.
Class A/OutCBD: 5,174,013 sq.ft.
Class B/CBD: 3,192,930 sq.ft.
Class B/OutCBD: 4,367,759 sq.ft.

VACANT INVENTORY

Class A/CBD: 404,372 sq.ft.
Class A/OutCBD: 1,089,192 sq.ft.
Class B/CBD: 305,445 sq.ft.
Class B/OutCBD: 311,149 sq.ft.

VACANCY RATES

Class A/CBD: 13.1%
Class A/OutCBD: 21.0%
Class B/CBD: 9.6%
Class B/OutCBD: 7.1%

SUBLEASE INVENTORY

Class A: 35,000 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 920,100 sq.ft.
Class A/OutCBD: 375,832 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 170,448 sq.ft.

NET ABSORPTION

Class A/CBD: 322,880 sq.ft.
Class A/OutCBD: 405,390 sq.ft.
Class B/CBD: 229,840 sq.ft.
Class B/OutCBD: 105,278 sq.ft.

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: Minimal
OutCBD: 1 per 240 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.25 per sq.ft.
OutCBD: $1.25 per sq.ft.

OPERATING COST ESCALATION

Stop: $4.50 per sq.ft.

MAJOR DEVELOPERS

Hines
Vantage
Trammel Crow
Linday
TMR

OUTLOOK

*ABSORPTION: Up 6-10%Same
CONSTRUCTION: Up 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

DEMOGRAFHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 16,000,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 5,277,000 sq.ft.

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 4,204,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 2,200,000 sq.ft.

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: 26.3%
Class B/CBD: n/a
Class B/OutCBD: 41.7%

SUBLEASE INVENTORY

Class A: 150,000 sq.ft.
Class B: 40,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 813,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 150,000 sq.ft.

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: 1,007,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 193,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $18

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: $1.92 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year or Stop ($5.50-$7.00)

MAJOR DEVELOPERS

Bedford Properties
Tishman West
Prudential
Koll

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 11-15%
VACANCIES: n/a
RENTAL RATES: Down 6-10%
LANDLORD CONCESSIONS: Up 6-10%

CONTRA COSTA: OFFICE

MarketArea: Contra Costa County

1987 REVIEW

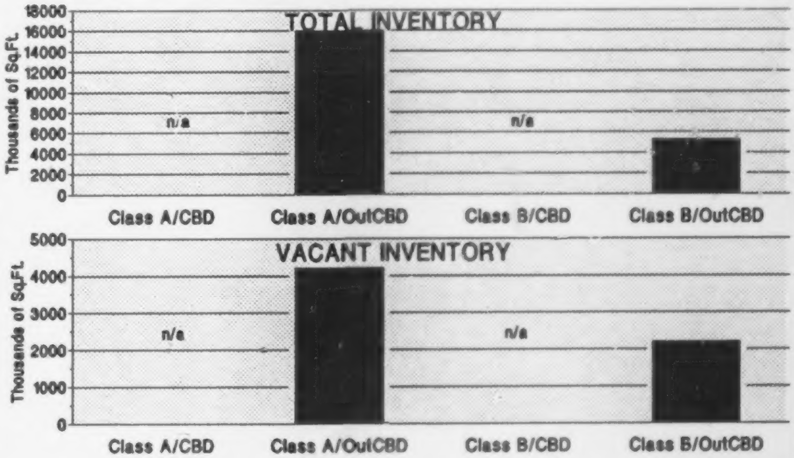
The office inventory of Contra Costa County includes over 21 million square feet of space. Net absorption is down from 3.3 million square feet in 1985, 1.9 million square feet in 1986, to 1.2 million square feet in 1987. Vacancies have risen to 26.3 percent for Class A space and 41.7 percent for Class B space.

Nearly one million square feet of office space is presently under construction. Submarket rental rates range from $24 per square foot (effective) in Walnut Creek to as low as $14 per square foot in Concord for comparable quality space.

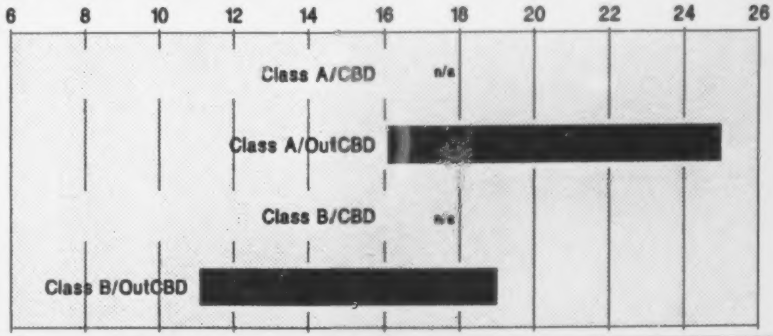
1988 FORECAST

SIOR panelists in Contra Costa County are bracing for a soft market in 1988, hoping for improvement in 1989. Absorption will be at 1987 levels while construction activity will decrease. Rental rates will decline between six and 10 percent while landlord concessions will increase.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Parking

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 3,655,300
POPULATION GROWTH RATE: 3.2%
EMPLOYMENT GROWTH RATE: 5.5%
UNEMPLOYMENT RATE: 6.2%
PER CAPITA INCOME: $14,568

MARKET DATA

TOTAL INVENTORY

Class A & B/CBD: 29,022,196 sq.ft.
Class A & B/OutCBD: 100,463,739 sq.ft.

VACANT INVENTORY

Class A & B/CBD: 7,726,460 sq.ft.
Class A & B/OutCBD: 28,902,471 sq.ft.

VACANCY RATES

Class A & B/CBD: 26.6%
Class A & B/OutCBD: 28.8%

SUBLEASE INVENTORY

Class A: 489,403 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A & B/CBD: 0 sq.ft.
Class A & B/OutCBD: 2,623,528 sq.ft.

NET ABSORPTION

Class A & B/CBD: -677,839 sq.ft.
Class A & B/OutCBD: 5,200,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 300 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.30-$1.50 per sq.ft.
OutCBD: $1.30-$1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: $4.50-$5.50 per sq.ft.

MAJOR DEVELOPERS

Vantage
Trammel Crow
Lincoln
Prentiss (Formerly Cadillac Fair-view)

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 60%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

DALLAS: OFFICE

Market Area: Dallas, Plano, Richardson, and Irving

1987 REVIEW

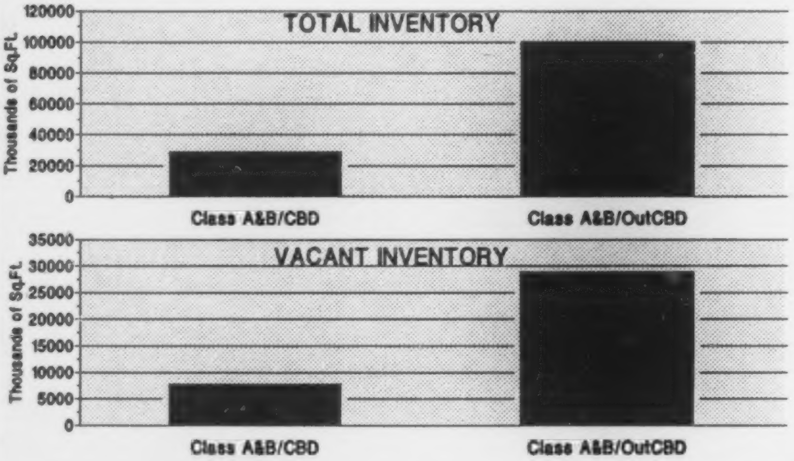
The Dallas office market is coping with harsh economic times and is slowly gaining positive momentum. Recent major corporate relocation announcements are another sign that the area is on the rebound. Dallas has a diverse economy that provides an ongoing base of activity for continued space absorption.

Record office construction experienced over the past five years has virtually stopped during the past 12 months. Current occupancy and absorption levels indicate a four to six year supply of vacant office space. Approximately 4.5 to five million square feet was absorbed in 1987.

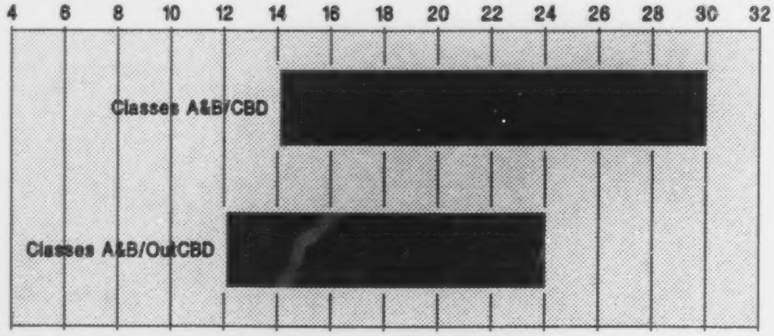
1988 FORECAST

The Class A market is fairing well and will continue to absorb at the expense of lesser quality properties. Effective rental rates are beginning to move upward toward original proforma levels as space is gradually absorbed.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Club Memberships
Building Identification Rights
Equity

RENTAL RATE DISCOUNT FACTOR: 25-35%

DEMOGRAPHICS

POPULATION: 1,633,100
POPULATION GROWTH RATE: 2.3%
EMPLOYMENT GROWTH RATE: 4.2%
UNEMPLOYMENT RATE: 6.2%
PER CAPITA INCOME: $14,599

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 12,082,994 sq.ft.
Class A/OutCBD: 8,613,440 sq.ft.
Class B/CBD: 9,304,099 sq.ft.
Class B/OutCBD: 28,341,218 sq.ft.

VACANT INVENTORY

Class A/CBD: 2,711,512 sq.ft.
Class A/OutCBD: 2,400,000 sq.ft.
Class B/CBD: 2,957,284 sq.ft.
Class B/OutCBD: 11,213,400 sq.ft.

VACANCY RATES

Class A/CBD: 22.4%
Class A/OutCBD: 27.9%
Class B/CBD: 31.8%
Class B/OutCBD: 39.6%

SUBLEASE INVENTORY

Class A: 909,532 sq.ft.
Class B: 203,413 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 395,998 sq.ft.
Class A/OutCBD: 611,500 sq.ft.
Class B/CBD: -591,942 sq.ft.
Class B/OutCBD: 671,261 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $17

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.40 per sq.ft.
OutCBD: $1.40 per sq.ft.

OPERATING COST ESCALATION

Base year or Stop: Net

MAJOR DEVELOPERS

Vantage
Trammel Crow
Lincoln
Oxford
Bill Walters
VGR
Homart
MDKG/Prudential
Trizec/Hham

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

DENVER: OFFICE

Market Area: Metropolitan Denver, Aurora, Lakewood, Commerce City

1987 REVIEW

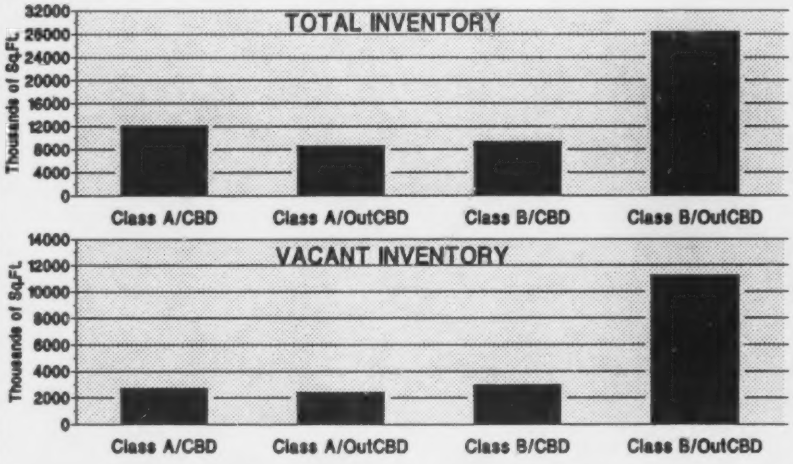
The Denver office market contains approximately 60 million square feet. The CBD has over 20 million square feet of space. It is the hub of Denver's ailing oil and gas industry. CBD vacancy rates range from 22.4 for Class A space to 31.8 percent for Class B space. Absorption has been negative for the past two years.

The most active sub-market is an area called Southeast Suburban. This area contains approximately 18 million square feet of space with an occupancy factor of about 80 percent. The overall suburban picture is soft with vacancy rates ranging from 27.9 percent for Class A space to 39.6 percent for Class B space.

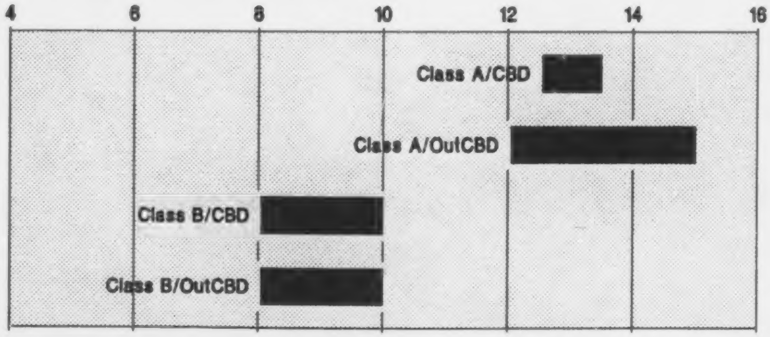
1988 FORECAST

Construction has come to a complete halt. With effective rental rates comparatively low, absorption will increase by 11 to 15 percent in 1988. Vacancies will fall as space is taken off the market.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Signing Bonuses
Club Memberships

RENTAL RATE DISCOUNT FACTOR: 16-20%

DES MOINES: OFFICE

Market Area: Des Moines, Ankeny, Urbandale, and West Des Moines

1987 REVIEW

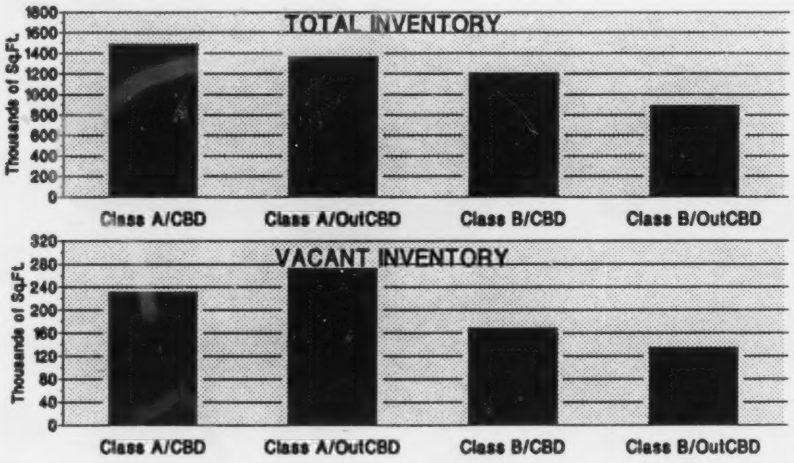
Des Moines is Iowa's state capital and has the second largest concentration of insurance companies in the United States. The area's economy has generally outperformed the Iowa economy which has been troubled by its dominant agricultural sector.

Vacancy rates for Class A space range from 15.5 percent in the CBD to 20 percent in areas outside the CBD. Prices are very attractive with Class A space in the CBD leasing for between $17 and $19 per square foot. Typical concessions result in a rental rate discount factor of between six and 10 percent.

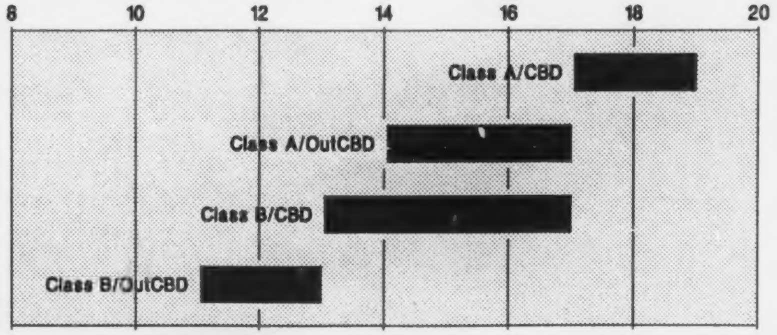
1988 FORECAST

SIOR panelists in Des Moines expect absorption to increase by six to 10 percent in 1988. This will force vacancies down by one to five percent. Concessions will increase moderately.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Parking
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 381,300
POPULATION GROWTH RATE: 0.2%
EMPLOYMENT GROWTH RATE: 1.9%
UNEMPLOYMENT RATE: 4.0%
PER CAPITA INCOME: $12,827

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,489,400 sq.ft.
Class A/OutCBD: 1,367,900 sq.ft.
Class B/CBD: 1,209,900 sq.ft.
Class B/OutCBD: 890,200 sq.ft.

VACANT INVENTORY

Class A/CBD: 231,500 sq.ft.
Class A/OutCBD: 272,900 sq.ft.
Class B/CBD: 168,200 sq.ft.
Class B/OutCBD: 133,700 sq.ft.

VACANCY RATES

Class A/CBD: 15.5%
Class A/OutCBD: 20.0%
Class B/CBD: 13.9%
Class B/OutCBD: 15.0%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 311,600 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop

MAJOR DEVELOPERS

Principal Group
KVI
Mid America
J.C. Nichols

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

DEMOGRAPHICS

POPULATION: 4,334,700
POPULATION GROWTH RATE: -0.7
EMPLOYMENT GROWTH RATE: 1.0%
UNEMPLOYMENT RATE: 7.3%
PER CAPITA INCOME: $12,897

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 4,400,000 sq.ft.
Class A/OutCBD: 22,300,000 sq.ft.
Class B/CBD: 8,300,000 sq.ft.
Class B/OutCBD: 13,900,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 816,000 sq.ft.
Class A/OutCBD: 1,808,000 sq.ft.
Class B/CBD: 382,000 sq.ft.
Class B/OutCBD: 5,000,000 sq.ft.

VACANCY RATES

Class A/CBD: 18.6%
Class A/OutCBD: 8.1%
Class B/CBD: 4.6%
Class B/OutCBD: 36.0%

SUBLEASE INVENTORY

Class A: 250,000 sq.ft.
Class B: 200,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 510,000 sq.ft.
Class A/OutCBD: 2,500,000 sq.ft.
Class B/CBD: 150,000 sq.ft.
Class B/OutCBD: 900,000 sq.ft.

NET ABSORPTION

Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: 1,100,000 sq.ft.
Class B/CBD: 50,000 sq.ft.
Class B/OutCBD: 600,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: Generally Not Provided
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Stop: $4.50-$5.00 per sq.ft.

MAJOR DEVELOPERS

Prudential
Kirco Development
Jonna Properties
Kovalan Development
Samelson Properties
Beachum & Roeser

OUTLOOK

ABSORPTION: Down 20%
CONSTRUCTION: Down 20%
VACANCIES: Up 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 11-15%

DETROIT: OFFICE

Market Area: Detroit Metro Area, Southfield, Troy, Farmington Hills, Livonia, Dearborn, Bloomfield, Birmingham, and Auburn Hills

1987 REVIEW

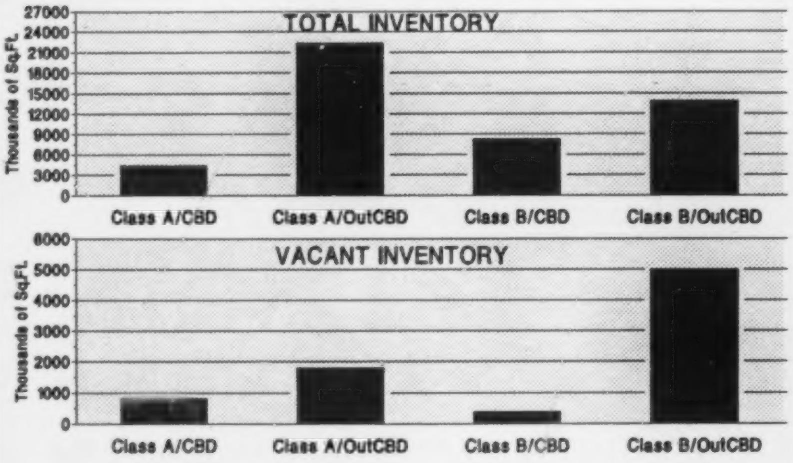
For the first time in four years demand for office space in the Detroit area is softening. Class A space in areas outside the CBD accounts for nearly 45 percent of the area's total inventory. Presently, only 8.1 percent of this space is vacant and available for lease. However, 2.5 million square feet is under construction.

Quoted gross rental rates for Class A space in the CBD are $17 to $19 per square foot. Rates for space outside the CBD are from $20 to $22 per square foot. Typical concessions result in a rental rate discount factor of between 11 and 15 percent.

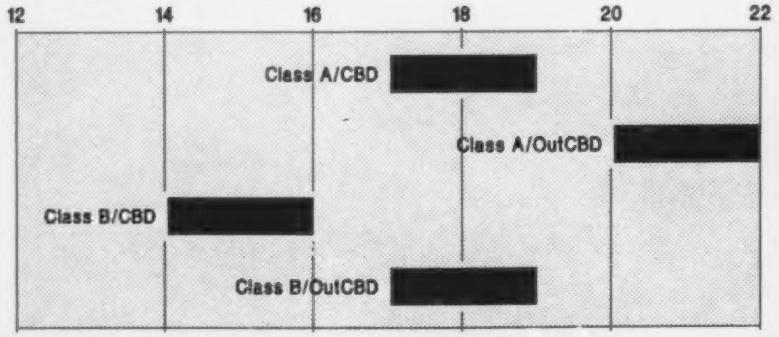
1988 FORECAST

Vacancy rates will increase by six to 10 percent and landlord concessions will increase by 11 to 15 percent because of a substantial amount of new construction already underway. New construction will decline by 20 percent as developers adjust to higher vacancies.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Parking
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

EL PASO: OFFICE

Market Area: El Paso Metropolitan Area

1987 REVIEW

The El Paso office market is supported by sizable goverment employment, the military, and the twin plant program. The twin plant program allows firms to locate administrative offices on the U.S. side of the border while manufacturing and assembling components in Mexico, paying customs duties only on the value added in Mexico. The service firms that support this arrangement have bolstered the El Paso economy.

The vacancy rate for Class A space outside the CBD is 24.3 percent. Nearly 75 percent of Class A space is located outside the CBD. El Paso's office market is relatively small so vacancy rates are quite sensitive to changes in the market.

1988 FORECAST

There is currently no new construction underway so vacancy rates will likely fall one to five percent in 1988. Absorption will be stable at approximately 90,000 square feet.

DEMOGRAPHICS

POPULATION: 545,000
POPULATION GROWTH RATE: 2.4%
EMPLOYMENT GROWTH RATE: 3.1%
UNEMPLOYMENT RATE: 10.6%
PER CAPITA INCOME: $8,089

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 607,189 sq.ft.
Class A/OutCBD: 1,946,740 sq.ft.
Class B/CBD: 404,664 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 147,310 sq.ft.
Class A/OutCBD: 390,000 sq.ft.
Class B/CBD: 160,500 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 24.3%
Class A/OutCBD: 20.0%
Class B/CBD: 39.7%
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/Out CBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 20,000 sq.ft.
Class A/OutCBD: 70,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 3 per 1000 sq.ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $2.00 per sq.ft.
OutCBD: $1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

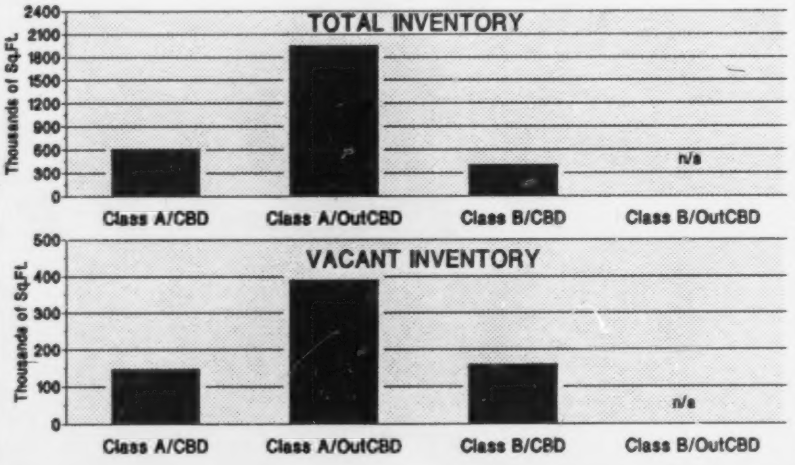
MAJOR DEVELOPERS

n/a

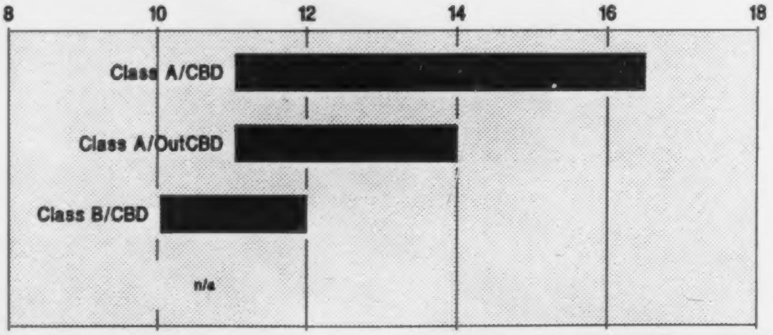
OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

EVANSVILLE: OFFICE

MarketArea: Evansville and Vanderburgh County

DEMOGRAPHICS

POPULATION: 116,000
POPULATION GROWTH RATE: 0.4%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 6.3%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 607,222 sq.ft.
Class A/OutCBD: 176,271 sq.ft.
Class B/CBD: 514,178 sq.ft.
Class B/OutCBD: 282,353 sq.ft.

VACANT INVENTORY

Class A/CBD: 102,762 sq.ft.
Class A/OutCBD: 65,325 sq.ft.
Class B/CBD: 118,660 sq.ft.
Class B/OutCBD: 58,940 sq.ft.

VACANCY PATES

Class A/CBD: 16.3%
Class A/OutCBD: 37.1%
Class B/CBD: 23.1%
Class B/OutCBD: 20.9%

SUBLEASE INVENTORY

Class A: 0 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: Minimal
Class A/OutCBD: Minimal
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A & B/CBD: 36,128 sq.ft.
Class A & B/OutCBD: 30,153 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.00 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Roy Ryan
Industrial Contractors

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 11-15%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

1987 REVIEW

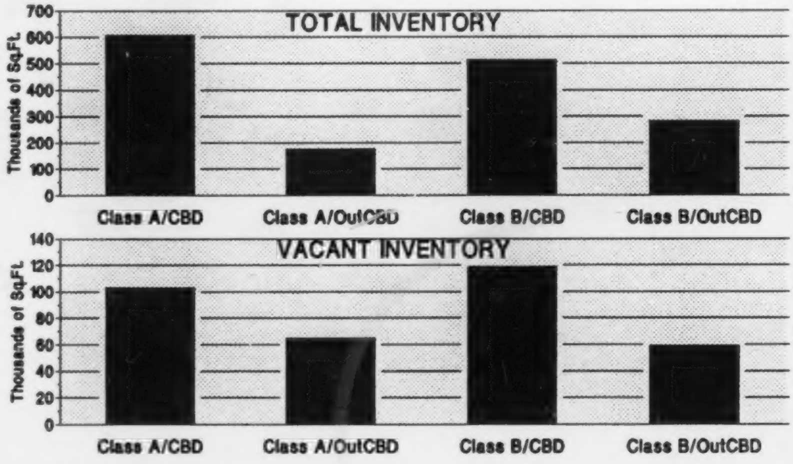
Evansville, located on the Indiana/Kentucky border, has an office market with about 1.5 million square feet. Approximately 70 percent of the inventory is located in the Evansville CBD where vacancy rates range from 16.3 percent for Class A space to 23.1 percent for Class B space. Vacancy rates in this size market can change rapidly with one or two large leases.

Net absorption in 1987 was just over 66,000 square feet. There are very few large users who lease over 5,000 square feet. Typical demand is in the 1,000 to 2,000 square foot range. Local tenants are commonly in Class B space and national or regional tenants are more interested in Class A space.

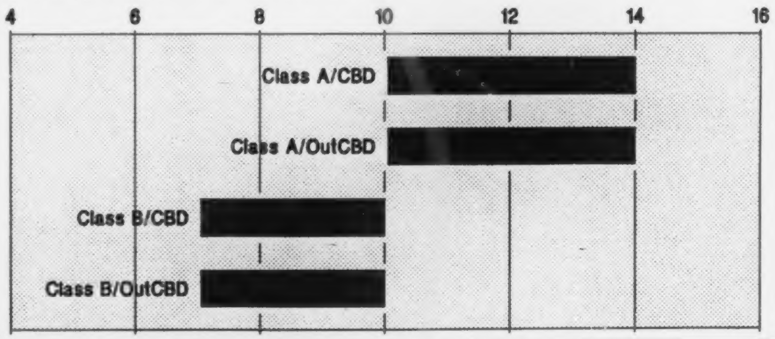
1988 FORECAST

SIOR panelists in Evansville expect absorption, rental rates, and vacancies in 1988 to be the same as 1987. Construction will be off by 11 to 15 percent and concessions will increase one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

FORT LAUDERDALE: OFFICE

Market Area: Fort Lauderdale, Cypress Creek, Hollywood, Plantation, Coral Springs and Deerfield

1987 REVIEW

The Fort Lauderdale/Broward County area is in the midst of tremendous growth. Employment growth was the fifth highest in the U.S. betweeen 1975 and 1985.

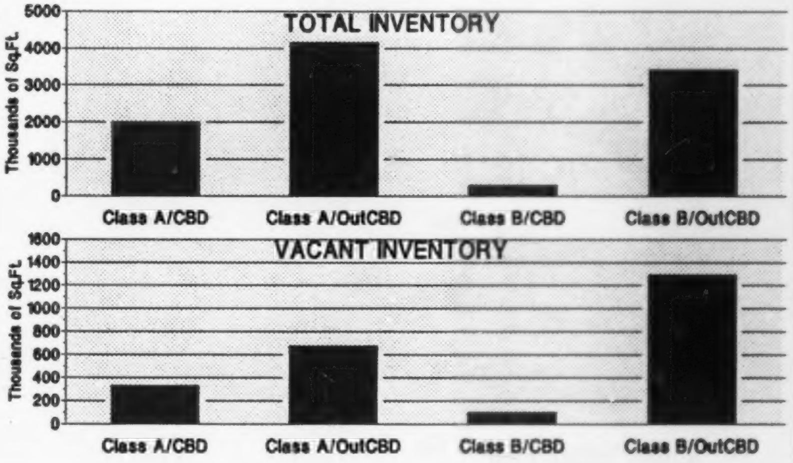
Out of approximately 10 million square feet of office space in the market area, 75 percent is located in areas outside the CBD. Also, over 60 percent of the Ft. Lauderdale inventory is Class A space.

Vacancy rates for Class A space are 16.5 percent in the CBD and 16.3 percent in suburban areas. Net absorption was nearly 1.5 million square feet in 1987. Approximately 675,000 square feet of space is currently under construction.

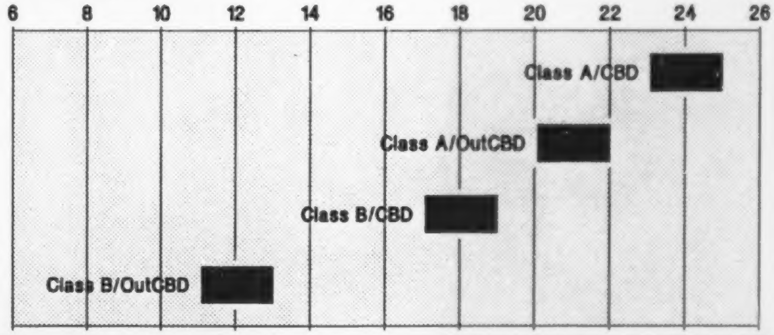
1988 FORECAST

SIOR panelists in Fort Lauderdale report that construction is temporarily slow. A new wave of construction will begin in the next 12 to 24 months. In 1988 absorption will be up one to five percent and rental rates will remain unchanged.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements
- Signing Bonuses
- Club Memberships

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 1,125,000
POPULATION GROWTH RATE: 1.9%
EMPLOYMENT GROWTH RATE: 5.9%
UNEMPLOYMENT RATE: 4.1%
PER CAPITA INCOME: $14,821

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,000,000 sq.ft.
Class A/OutCBD: 4,144,000 sq.ft.
Class B/CBD: 300,000 sq.ft.
Class B/OutCBD: 3,425,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 330,000 sq.ft.
Class A/OutCBD: 676,000 sq.ft.
Class B/CBD: 100,000 sq.ft.
Class B/OutCBD: 1,295,000 sq.ft.

VACANCY RATES

Class A/CBD: 16.5%
Class A/OutCBD: 16.3%
Class B/CBD: 33.0%
Class B/OutCBD: 37.8%

SUBLEASE INVENTORY

Class A: 35,000 sq.ft.
Class B: 48,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 65,000 sq.ft.
Class A/OutCBD: 360,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 250,000 sq.ft.

NET ABSORPTION

Class A/CBD: 300,000 sq.ft.
Class A/OutCBD: 693,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 474,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $18

TYPICAL PARKING RATIO

CBD: 1 per 500 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop:Adjusted to Actuals Annually

MAJOR DEVELOPERS

- Trammel Crow
- Olympia & York
- Lincoln
- Robinson Humphrey
- Barker Interests
- Gulfstream

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Down 11-15%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

FORT WAYNE: OFFICE

Market Area: Fort Wayne Metropolitan Area

1987 REVIEW

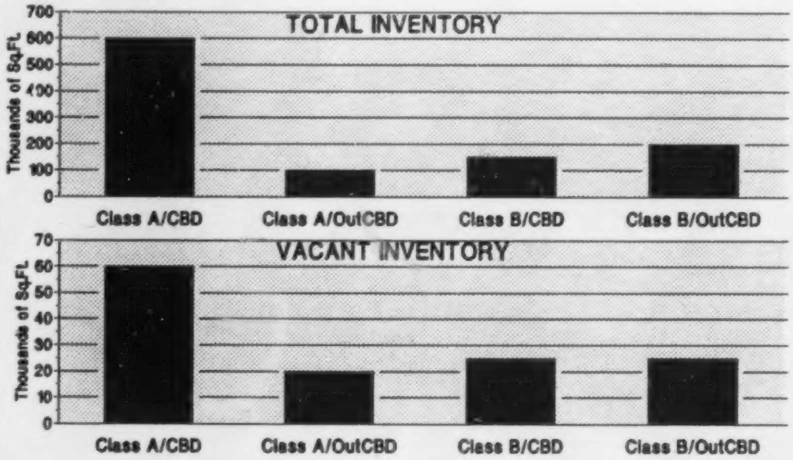
The Fort Wayne office market has a total inventory of approximately one million square feet. The Class A vacancy rate is only 10 percent in the CBD area with only 60,000 square feet of Class A space currently available.

Activity is about the same as in 1986. Net absorption equalled 95,000 square feet in 1987. About 160,000 square feet of Class A space is currently under construction and will be available for occupancy within 12 months.

1988 FORECAST

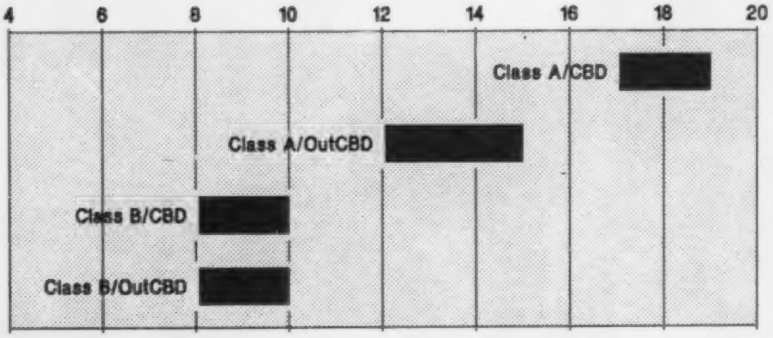
SIOR panelists in Fort Wayne expect the local economy to remain stable in 1988 but note that local conditions depend to a great extent on what happens in the national and international economy. Construction, absorption, vacancies, and rental rates will all remain at 1987 levels.

INVENTORY PROFILE



OFFICE RENTAL RATES

(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 351,000
POPULATION GROWTH RATE: -0.2%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.2%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 600,000 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: 150,000 sq.ft.
Class B/OutCBD: 200,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 60,000 sq.ft.
Class A/OutCBD: 20,000 sq.ft.
Class B/CBD: 25,000 sq.ft.
Class B/OutCBD: 25,000 sq.ft.

VACANCY RATES

Class A/CBD: 10.0%
Class A/OutCBD: 20.0%
Class B/CBD: 16.7%
Class B/OutCBD: 12.5%

SUBLEASE INVENTORY

Class A: 5,000 sq.ft.
Class B: 5,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 100,000 sq.ft.
Class A/OutCBD: 60,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 40,000 sq.ft.
Class A/OutCBD: 15,000 sq.ft.
Class B/CBD: 15,000 sq.ft.
Class B/OutCBD: 15,000 sq.ft.

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.75 per sq.ft.
OutCBD: $1.35 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: $3.50-$5.50 per sq.ft.

MAJOR DEVELOPERS

n/a

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 580,000
POPULATION GROWTH RATE: 2.3%
EMPLOYMENT GROWTH RATE: 2.5%
UNEMPLOYMENT RATE: 11.2%
PER CAPITA INCOME: $10,542

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 320,000 sq.ft.
Class A/OutCBD: 2,155,000 sq.ft.
Class B/CBD: 900,000 sq.ft.
Class B/OutCBD: 4,425,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 70,000 sq.ft.
Class A/OutCBD: 111,000 sq.ft.
Class B/CBD: 282,000 sq.ft.
Class B/OutCBD: 441,000 sq.ft.

VACANCY RATES

Class A/CBD: 21.9%
Class A/OutCBD: 5.2%
Class B/CBD: 31.4%
Class B/OutCBD: 10.0%

SUBLEASE INVENTORY

Class A: 0 sq.ft.
Class B: 10,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 275,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 40,000

NET ABSORPTION

Class A/CBD: 18,400 sq.ft.
Class A/OutCBD: 108,000 sq.ft.
Class B/CBD: 72,000 sq.ft.
Class B/OutCBD: 211,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $18-$20

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.20-$1.44 per sq.ft.
OutCBD: $1.20-$1.44 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Paragon Group
Cabot, Cabot & Forbes
Gunner & Andros
Ellis & Thomason
Spencer Enterprises
The Kashian Group

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 6-10%
RENTAL RATES: Up 11-15%
LANDLORD CONCESSIONS: Up 1-5%

FRESNO: OFFICE

Market Area: Fresno Metropolitan Area

1987 REVIEW

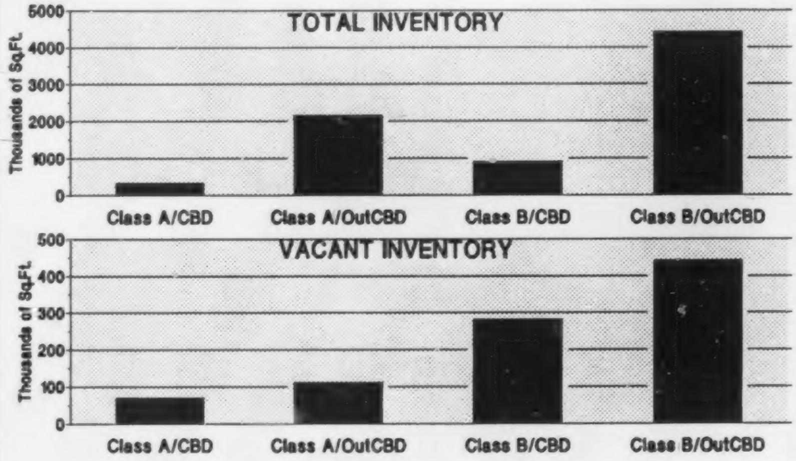
Fresno lies in the heart of one of the most fertile agricultural regions of the world. The local economy has a strong agribusiness base and is a central distribution point for markets all over Central California. The office market has benefited from several companies who have relocated in Fresno for regional distribution purposes.

The total inventory of rentable space in the Fresno area is 7.8 million square feet. Nearly 85 percent of the office inventory is located in areas outside the CBD. Vacancy rates for this portion of the market are 5.2 percent for Class A space and 10 percent for Class B space. In 1987, net absorption equalled 409,400 square feet.

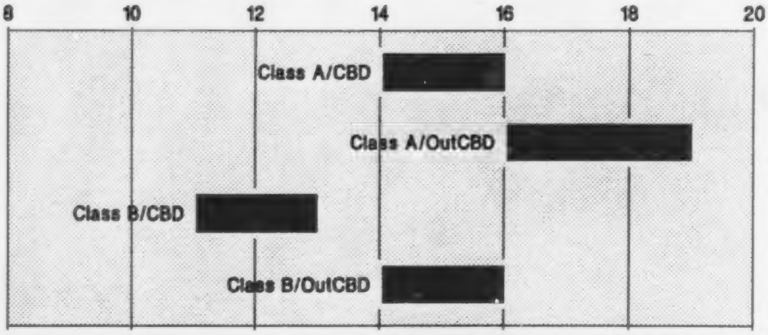
1988 FORECAST

SIOR panelists in the Fresno area expect to see continued overall growth and expansion throughout the entire Central California market area. Construction will be up 11 to 15 percent and absorption and vacancies will increase six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

GARY–HAMMOND–EAST CHICAGO: OFFICE

Market Area: Gary, Hammond, East Chicago, Lake, Porter and LaPorte Counties

1987 REVIEW

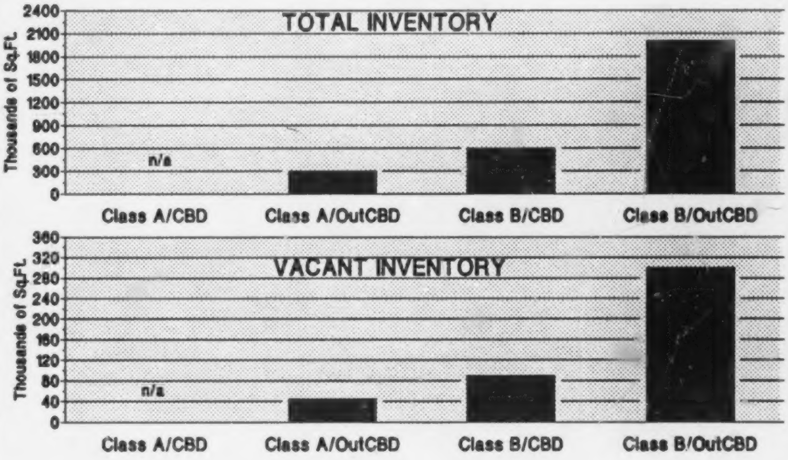
The CBD of this market area consists of three separate older industrial cities which for the past 15 years have experienced a decline in population and a shift in economic function. Most office development during this period has occurred outside the CBD. This trend will most likely continue as the population continues to move away from areas close to the CBD.

The market area has an inventory of approximately 2.9 million square feet. Only 300,000 square feet is Class A space and it is all located in areas outside the CBD. Two-thirds of the total inventroy is Class B space located in areas outside the CBD. Vacancy rates for all categories are 15 percent.

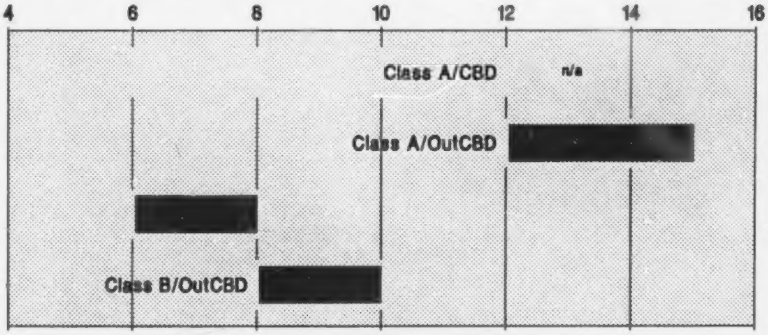
1988 FORECAST

Construction in 1987 equalled nearly 200,000 square feet and SIOR panelists expect construction to increase one to five percent in 1988. Absorption and rental rates will also increase one to five percent leaving vacancy rates unchanged.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: *6-10%*

DEMOGRAPHICS

POPULATION: 622,000
POPULATION GROWTH RATE: -0.6%
EMPLOYMENT GROWTH RATE: -0.8%
UNEMPLOYMENT RATE: 7.4%
PER CAPITA INCOME: $10,952

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 600,000 sq.ft.
Class B/OutCBD: 2,000,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 45,000 sq.ft.
Class B/CBD: 90,000 sq.ft.
Class B/OutCBD: 300,000 sq.ft.

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: 15.0%
Class B/CBD: 15.0%
Class B/OutCBD: 15.0%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0
Class A/OutCBD: 45,000 sq.ft.
Class B/CBD: 0
Class B/OutCBD: 150,000

NET ABSORPTION

Class A/CBD: 0
Class A/OutCBD: 45,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 100,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $8

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

n/a

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

DEMOGRAPHICS

POPULATION: 635,000
POPULATION GROWTH RATE: 1.0%
EMPLOYMENT GROWTH RATE: 3.0%
UNEMPLOYMENT RATE: 5.4%
PER CAPITA INCOME: $11,456

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,750,000 sq.ft.
Class A/OutCBD: 3,900,000 sq.ft.
Class B/CBD: 1,150,000 sq.ft.
Class B/OutCBD: 950,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 135,000 sq.ft.
Class A/OutCBD: 390,000 sq.ft.
Class B/CBD: 295,000 sq.ft.
Class B/OutCBD: 95,000 sq.ft.

VACANCY RATES

Class A/CBD: 7.7%
Class A/OutCBD: 10.0%
Class B/CBD: 25.7%
Class B/OutCBD: 10.0%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 730,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: 60,000 sq.ft.

NET ABSORPTION

Class A/CBD: 75,000 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 55,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.16-$2.17 per sq.ft.
OutCBD: $1.17-$1.94 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

n/a

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

GRAND RAPIDS: OFFICE

Market Area: Grand Rapids Metropolitan Area including Kent and Ottawa Counties

1987 REVIEW

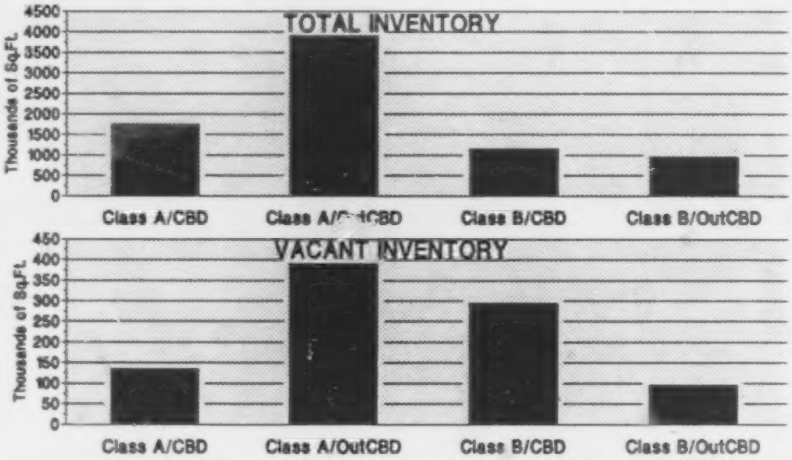
Grand Rapids has enjoyed steady economic growth due to its unusual industrial mix. Steelcase Inc., for example, has prospered as the demand for office furniture has responded to the surge in office employment nationwide. The area has a relatively young, growing population and is frequently noted for its high quality of life.

The market area has an office inventory of 7,750,000 square feet. Over one-half of the total inventory is Class A space located in areas outside the CBD where vacancies are currently only 10 percent. About one million square feet of space is presently under construction and will be available for occupancy within 12 months.

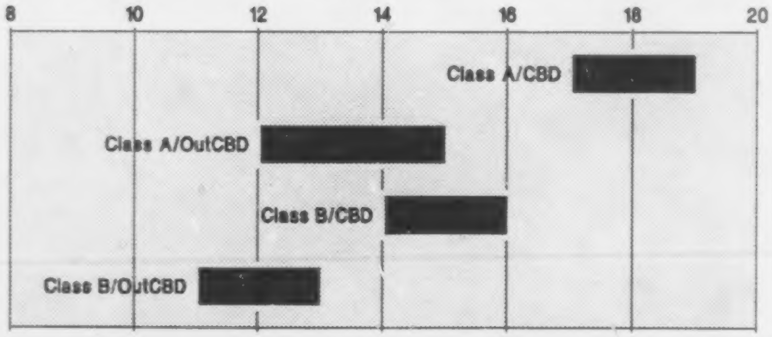
1988 FORECAST

SIOR panelists in the Grand Rapids area expect absorption to increase by six to 10 percent in 1988. Construction and rental rates will increase by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Additional Interior Improvements
Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 0-5%

GREENSBORO, NC: OFFICE

Market Area: Greensboro Metropolitan Area

DEMOGRAPHICS

POPULATION: 893,000
POPULATION GROWTH RATE: 0.9%
EMPLOYMENT GROWTH RATE: 2.8%
UNEMPLOYMENT RATE: 3.4%
PER CAPITA INCOME: $11,577

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 326,819 sq.ft.
Class A/OutCBD: 1,456,428 sq.ft.
Class B/CBD: 434,745 sq.ft.
Class B/OutCBD: 440,574 sq.ft.

VACANT INVENTORY

Class A/CBD: 72,000 sq.ft.
Class A/OutCBD: 268,000 sq.ft.
Class B/CBD: 42,045 sq.ft.
Class B/OutCBD: 46,500 sq.ft.

VACANCY RATES

Class A/CBD: 22.0%
Class A/OutCBD: 18.4%
Class B/CBD: 9.7%
Class B/OutCBD: 10.6%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 25,000 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

NET ABSORPTION

Class A/CBD: 35,000 sq.ft.
Class A/OutCBD: 195,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 5 per 1000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES

CBD: $1.25 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Forsyth Partners
NCNB Real Estate Trust Mgmt.

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 6-10%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Up 6-10%

1987 REVIEW

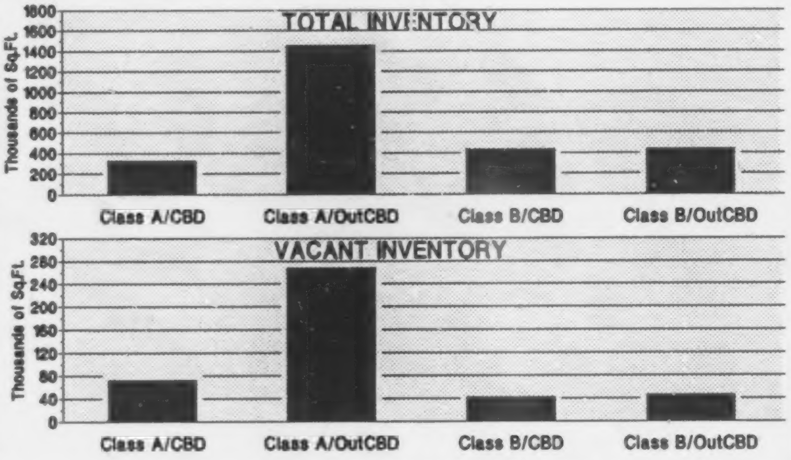
The Greensboro area has approximately 2.7 million square feet of office space. About one-half of the inventory is Class A space located in areas outside the CBD. The current vacancy rate for Class A/Outside CBD space is 18.4 percent.

Net absorption totalled 230,000 square feet in 1987. Approximately 175,000 square feet is under construction and will be available for occupancy within 12 months.

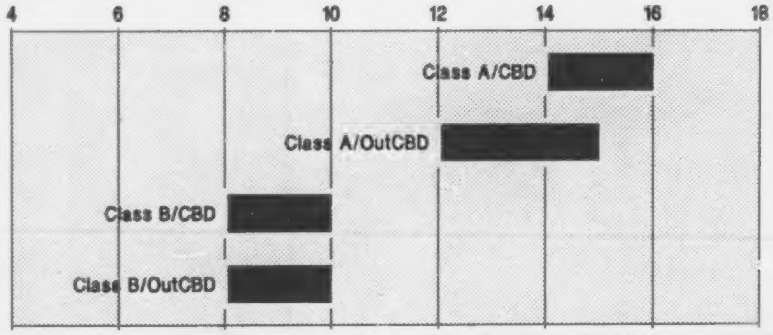
1988 FORECAST

A 180,000 square foot Class A building in the CBD will be available in early 1988. It is 60 percent preleased. Another 250,000 square foot project is expected to be announced in early 1988 which is also 60 percent preleased. Thus, absorption and construction will be up 11 to 15 percent in 1988. Rental rates, vacancies, and concessions will all increase by six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Additional interior improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

GREENVILLE, SC: OFFICE

Market Area: Greenville and Greenville County

1987 REVIEW

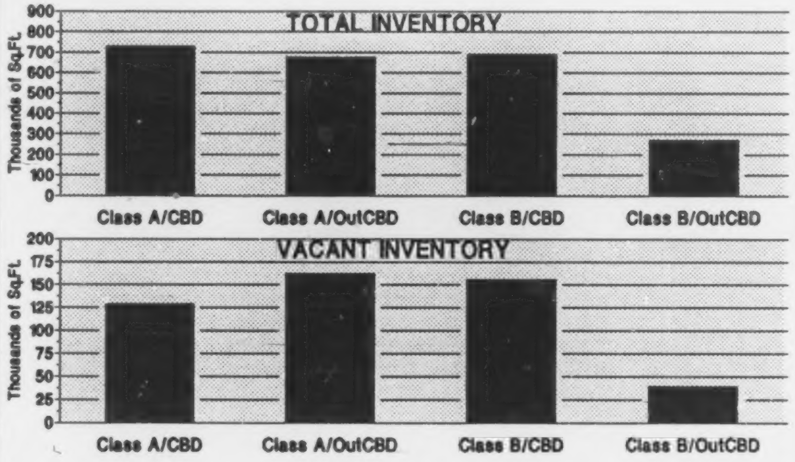
Greenville's economy has diversified in recent years and includes major corporations in the manufacturing services and financial services industries. Steady growth by corporate office users continued throughout 1987. Presently the office market is overbuilt and absorption is slow. New construction is almost negligible.

The Greenville market area has approximately 2.4 million square feet of office space. Over 1.4 million square feet is located in the CBD where vacancy rates are 17.6 percent for Class A space and 22.6 percent for Class B space.

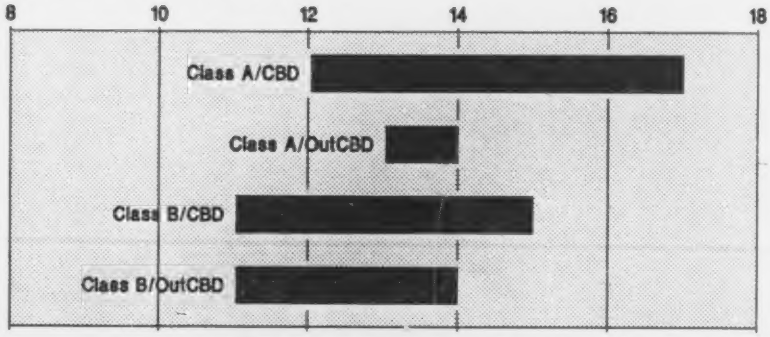
1988 FORECAST

SIOR panelists in Greenville expect absorption to fall by one to five percent and construction to increase by one to five percent. Consequently, vacancies will rise. Landlord concessions and lower effective rental rates will have a major role in 1988 leasing activity.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 600,000
POPULATION GROWTH RATE: 1.0%
EMPLOYMENT GROWTH RATE: 2.5%
UNEMPLOYMENT RATE: 3.5%
PER CAPITA INCOME: $10,368

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 730,409 sq.ft.
Class A/OutCBD: 675,721 sq.ft.
Class B/CBD: 692,230 sq.ft.
Class B/OutCBD: 270,121 sq.ft.

VACANT INVENTORY

Class A/CBD: 129,402 sq.ft.
Class A/OutCBD: 162,759 sq.ft.
Class B/CBD: 156,593 sq.ft.
Class B/OutCBD: 39,150 sq.ft.

VACANCY RATES

Class A/CBD: 17.6%
Class A/OutCBD: 24.1%
Class B/CBD: 22.6%
Class B/OutCBD: 14.4%

SUBLEASE INVENTORY

Class A: 15,000 sq.ft.
Class B: 12,809 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 15,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10-$15 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: Free Parking

AVERAGE UTILITY RATES

CBD: $1.40 per sq.ft.
OutCBD: $1.65 per sq.ft.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Easlan
Paragon
U.S. Shelter
Koger Properties

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 11-15%

HARTFORD: OFFICE

Market Area: Hartford and Hartford County

1987 REVIEW

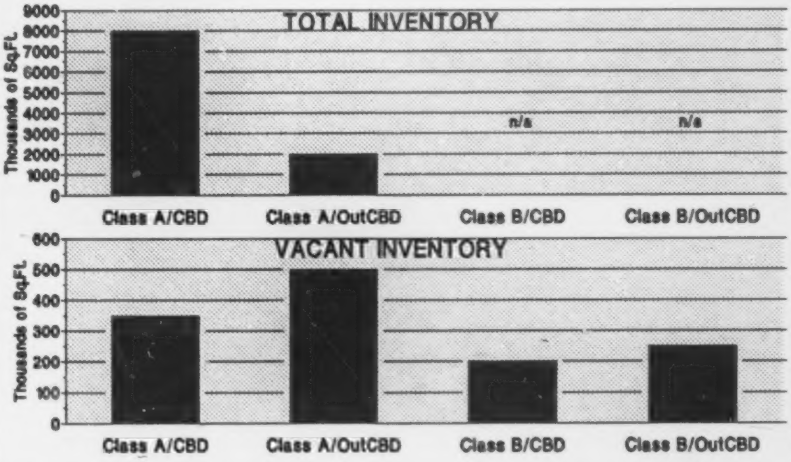
The Hartford office market is dominated by large insurance companies and state government. The area has approximately 10 million square feet of Class A office space of which 80 percent is located in the CBD. The vacancy rate for Class A CBD space is a remarkable 4.4 percent.

The strength of this market has not gone unnoticed. Nearly two million square feet of new Class A space is under construction and will be available for occupancy in 1988. Absorption in 1987 totalled 1.1 million square feet. Landlord concessions are currently not common, resulting in a rental rate discount of five percent or less.

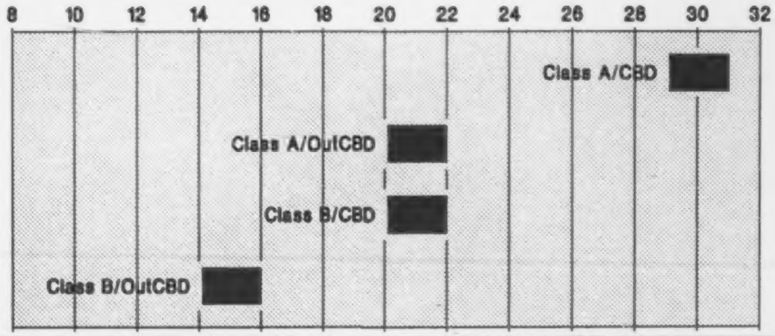
1988 FORECAST

SIOR panelists in the Hartford area are forecasting another strong year in 1988. Construction will increase by six to 10 percent. Rental rates, vacancies, and landlord concessions will all increase by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 1,035,000
POPULATION GROWTH RATE: 0.4%
EMPLOYMENT GROWTH RATE: 2.6%
UNEMPLOYMENT RATE: 3.0%
PER CAPITA INCOME: $14,727

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 8,000,000 sq.ft.
Class A/OutCBD: 2,000,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 350,000 sq.ft.
Class A/OutCBD: 500,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: 250,000 sq.ft.

VACANCY RATES

Class A/CBD: 4.4%
Class A/OutCBD: 25.0%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 1,600,000 sq.ft.
Class A/OutCBD: 350,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 750,000 sq.ft.
Class A/OutCBD: 350,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 4 per 2000 sq. ft.

AVERAGE UTILITY RATES

CBD: $3.00 per sq.ft.
OutCBD: $2.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Chase Enterprises
Richard Gordon

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 6-10%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

HOUSTON: OFFICE

Market Area: Houston and Harris County

1987 REVIEW

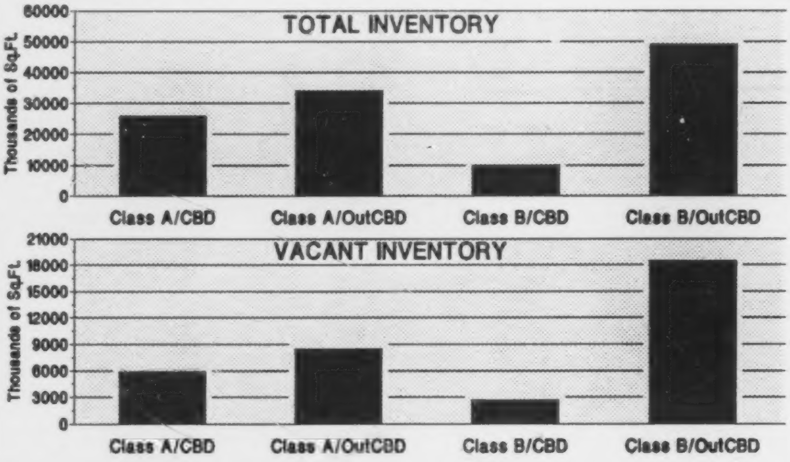
Houston is the headquarters for 13 Fortune 500 companies and a primary location for 45 of the world's largest non-U.S. based companies. It also has a significant high technology base with firms concentrated in the computer and aerospace industries. But, of course, the oil industry is still crucially important to Houston's economic prosperity.

Office vacancy rates currently range from 22.7 percent for Class A space in the CBD to 37.8 percent for Class B space in areas outside the CBD. Construction has come to a virtual halt. In 1987 the only segment of the market to experience positive net absorption was suburban Class A space where 1.2 million square feet was absorbed.

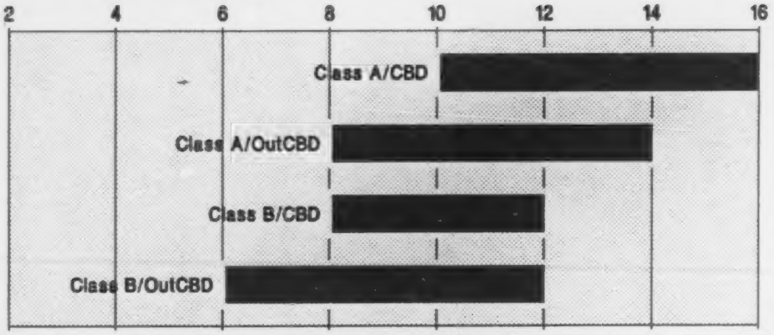
1988 FORECAST

SIOR panelists in Houston expect some improvement in conditions during 1988. Absorption will rise moderately allowing for some marginal improvement in rental rates. There will be little or no new construction again in 1988.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Club Memberships

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 3,222,000
POPULATION GROWTH RATE: 3.1%
EMPLOYMENT GROWTH RATE: 4.1%
UNEMPLOYMENT RATE: 8.0%
PER CAPITA INCOME: $13,428

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 26,000,000 sq.ft.
Class A/OutCBD: 34,000,000 sq.ft.
Class B/CBD: 10,000,000 sq.ft.
Class B/OutCBD: 49,000,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 5,900,000 sq.ft.
Class A/OutCBD: 8,500,000 sq.ft.
Class B/CBD: 2,700,000 sq.ft.
Class B/OutCBD: 18,500,000 sq.ft.

VACANCY RATES

Class A/CBD: 22.7%
Class A/OutCBD: 25.0%
Class B/CBD: 27.0%
Class B/OutCBD: 37.8%

SUBLEASE INVENTORY

Class A: 3,000,000 sq.ft.
Class B: 1,000,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: -50,000 sq.ft.
Class A/OutCBD: 1,200,000 sq.ft.
Class B/CBD: -200,000 sq.ft.
Class B/OutCBD: -500,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1500 sq.ft.
OutCBD: 1 per 300 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.60 per sq.ft.
OutCBD: $1.60 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Hines
Vantage
Trammel Crow
Paragon
Friendswood
Homart
Century

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 1,203,000
POPULATION GROWTH RATE: 0.6%
EMPLOYMENT GROWTH RATE: 1.8%
UNEMPLOYMENT RATE: 5.0%
PER CAPITA INCOME: $12,019

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 4,004,166 sq.ft.
Class A/OutCBD: 11,417,743 sq.ft.
Class B/CBD: 2,201,381 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 626,030 sq.ft.
Class A/OutCBD: 2,334,881 sq.ft.
Class B/CBD: 196,865 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 15.6%
Class A/OutCBD: 20.4%
Class B/CBD: 8.9%
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 24,000 sq.ft.
Class B: 17,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 1,300,000 sq.ft.
Class A/OutCBD: 900,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 333,412 sq.ft.
Class A/OutCBD: 852,556 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: n/a

OPERATING COST ESCALATION

Base year or Stop: $3.00-$5.00 per sq.ft.

MAJOR DEVELOPERS

Browning Investments
Duke Associates
Trammel Crow
Lincoln

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 1-5%
VACANCIES: Up 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

INDIANAPOLIS: OFFICE

Market Area: Indianapolis Metropolitan Area

1987 REVIEW

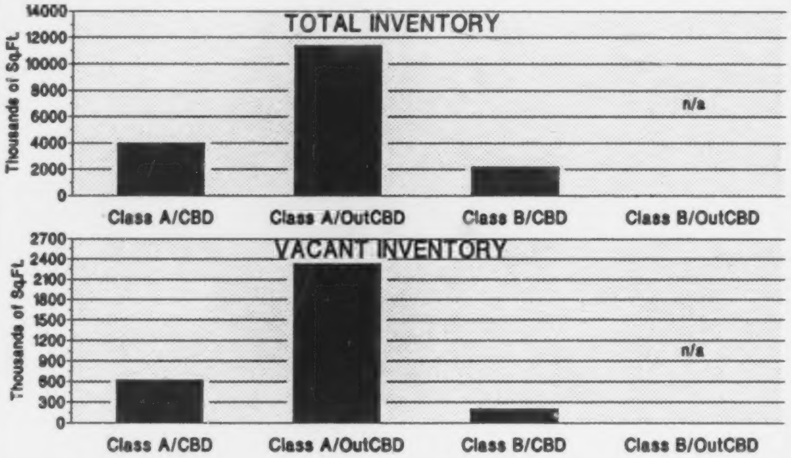
Indianapolis has experienced a resurgence in recent years as several firms have been attracted by its location, its pool of skilled and educated labor, and the low cost of housing in the area. The local economy is strong and SIOR panelists in Indianapolis report that developers have been on a building spree. Downtown office space is oversupplied making it an attractive market for tenants.

The largest segment of the office market is Class A space outside the CBD where the vacancy rate is currently 20.4 percent. However, absorption of Class A space was strong in 1987 with 852,556 square feet leased.

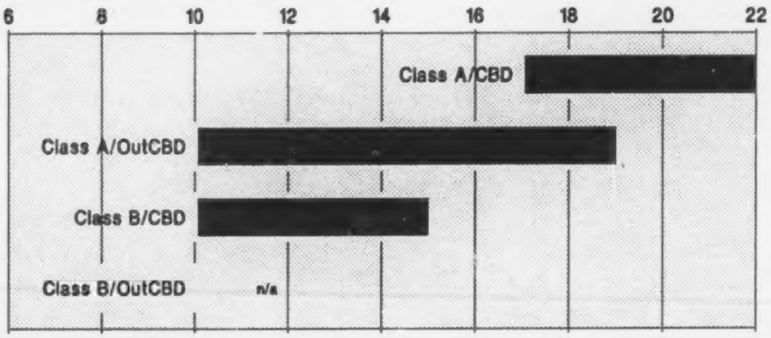
1988 FORECAST

SIOR panelists expect construction to increase by one to five percent in 1988. Vacancies will increase by six to 10 percent causing already high concessions to increase even more.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 20-25%

JACKSON, MI: OFFICE

Market Area: Jackson Metropolitan Area

1987 REVIEW

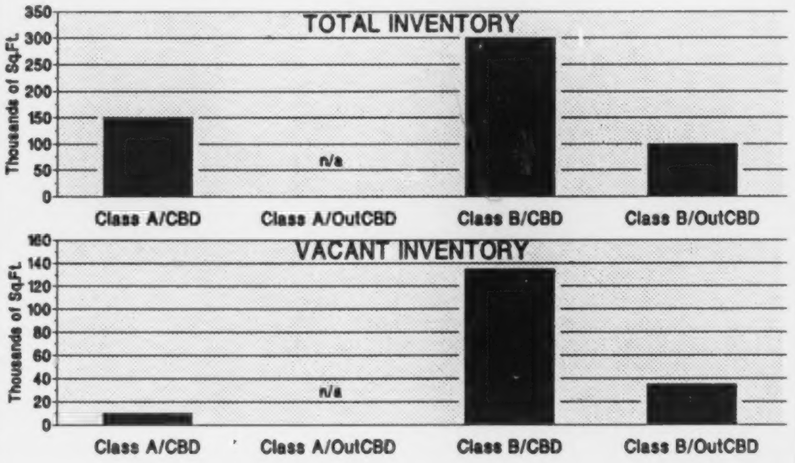
Jackson has a population of about 150,000 and is located in south central Michigan. The office market is relatively small with only 550,000 square feet of inventory. Approximately 10,000 square feet of Class A space in the CBD (6.7%) is vacant and available for lease. The supply of Class B space is plentiful with 170,000 square feet vacant.

Gross rental rates are comparatively low with Class A space going for $12 to $14 per square foot. Landlord concessions are minimal resulting in effective rental rates five percent or less below gross rates.

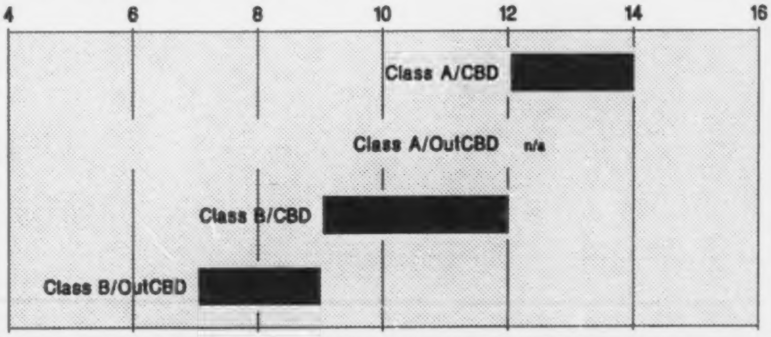
1988 FORECAST

SIOR panelists in the Jackson area expect the economy to support slow, steady office absorption. Rental rates and vacancy rates will remain unchanged in 1988.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 6.9%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 300,000 sq.ft.
Class B/OutCBD: 100,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 10,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 135,000 sq.ft.
Class B/OutCBD: 35,000 sq.ft.

VACANCY RATES
Class A/CBD: 6.7%
Class A/OutCBD: n/a
Class B/CBD: 45.0%
Class B/OutCBD: 35.0%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD: 20,000 sq.ft.
Class A/OutCBD: n/a sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a sq.ft.

NET ABSORPTION
Class A/CBD: 10,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 20,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

STANDARD WORK LETTER
Approximate dollar value: n/a

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: n/a

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION
Base year

MAJOR DEVELOPERS
n/a

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 385,000
POPULATION GROWTH RATE: 1.2%
EMPLOYMENT GROWTH RATE: 2.7%
UNEMPLOYMENT RATE: 6.6%
PER CAPITA INCOME: $10,089

MARKET DATA

TOTAL INVENTORY

Class A & B/CBD: 2,745,000 sq.ft.
Class A & B/OutCBD: 5,382,000 sq.ft.

VACANT INVENTORY

Class A & B/CBD: 498,000 sq.ft.
Class A & B/OutCBD: 1,373,000 sq.ft.

VACANCY RATES

Class A & B/CBD: 18.1%
Class A & 3/OutCBD: 25.5%

SUBLEASE INVENTORY

Class A & B: 100,000

CURRENT CONSTRUCTION

Class A & B/CBD: 293,000 sq.ft.
Class A & B/OutCBD: 379,000 sq.ft.

NET ABSORPTION

Class A & B/CBD and OutCBD: 339,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12-$15

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.25-$1.75 per sq.ft.
OutCBD: $1.25-$1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: $3.50-$4.50

MAJOR DEVELOPERS

Trammel Crow

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 6-10%
VACANCIES: Down 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

JACKSON, MS: OFFICE

Market Area: Jackson Metropolitan Area

1987 REVIEW

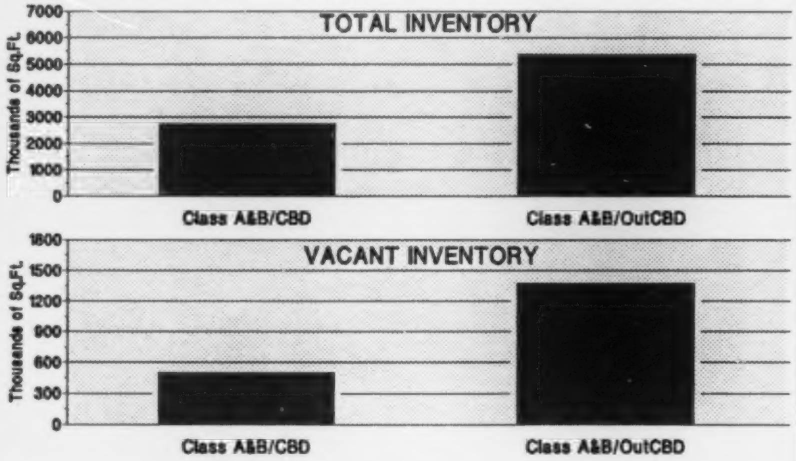
The Jackson market area has approximately 8.1 million square feet of office space with about two-thirds located in areas outside the CBD. Net absorption in 1987 totalled 339,000 square feet and 672,000 square feet of space is presently under construction. Vacancy rates range from 18.1 percent in the CBD to 25.5 percent in areas outside the CBD.

Landlord lease concessions such as parking, rental abatement, lease assumptions, moving allowance, and additional interior improvements are common in the Jackson market resulting in effective rates which are 16 to 20 percent less than gross rates.

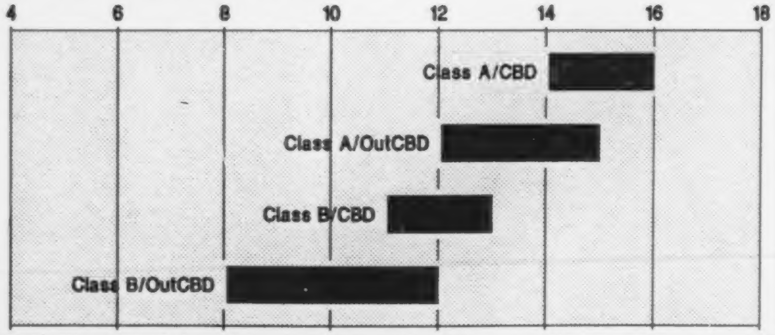
1988 FORECAST

SIOR panelists report that the number of proposed projects is decreasing and that plans for many projects are being scaled back. As construction declines and absorption remains steady, vacancy rates should fall by six to 10 percent in 1988.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

JACKSONVILLE: OFFICE

Market Area: Jacksonville Metropolitan Area

1987 REVIEW

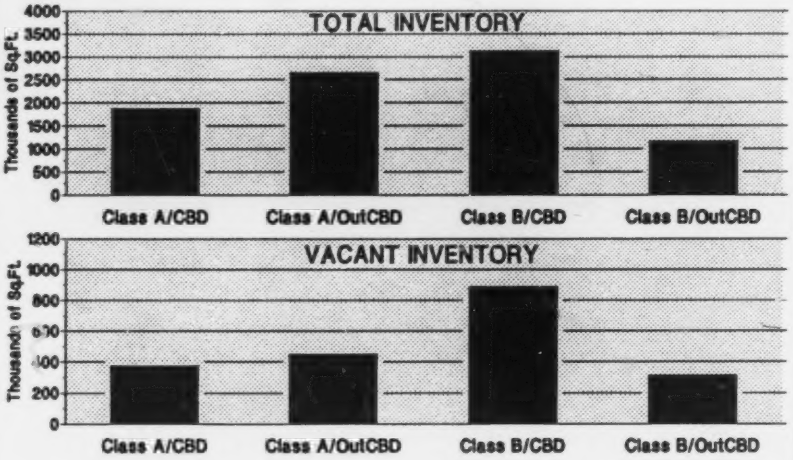
Jacksonville is the location for about 30 insurance companies who are intensive office users. More generally, service industry employment growth has been very strong in recent years.

Jacksonville has approximately 8.8 million square feet of office space. Vacancy rates range from 16.9 percent for Class A space in areas outside the CBD to 28.6 percent for Class B space in the CBD. Absorption in 1987 totalled 453,500 square feet. Absorption has slowed but few large spaces in excess of 50,000 square feet are currently available.

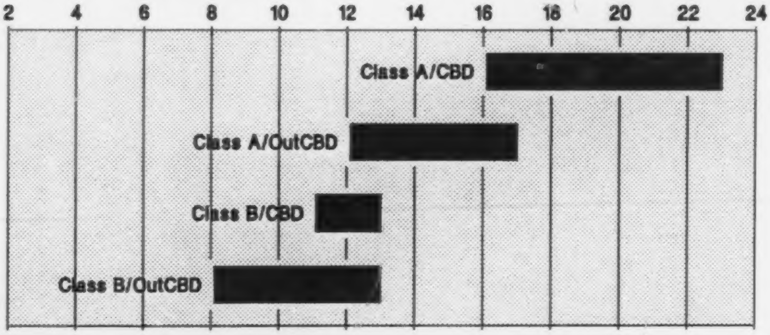
1988 FORECAST

Rouse & Associates have commenced construction on 285,000 square feet in the CBD with 125,000 pre-leased. Also a 40-story Barnett Bank Tower is planned for the CBD in 1988. Absorption will be up six to 10 percent and rental rates will increase by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 823,000
POPULATION GROWTH RATE: 2.5%
EMPLOYMENT GROWTH RATE: 3.6%
UNEMPLOYMENT RATE: 5.2%
PER CAPITA INCOME: $11,255

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,876,072 sq.ft.
Class A/OutCBD: 2,650,000 sq.ft.
Class B/CBD: 3,115,000 sq.ft.
Class B/OutCBD: 1,163,580 sq.ft.

VACANT INVENTORY

Class A/CBD: 375,000 sq.ft.
Class A/OutCBD: 450,000 sq.ft.
Class B/CBD: 892,300 sq.ft.
Class B/OutCBD: 310,430 sq.ft.

VACANCY RATES

Class A/CBD: 20.0%
Class A/OutCBD: 16.9%
Class B/CBD: 28.6%
Class B/OutCBD: 26.7%

SUBLEASE INVENTORY

Class A: 45,000 sq.ft.
Class B: 30,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 285,000 sq.ft.
Class A/OutCBD: 100,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 25,000 sq.ft.

NET ABSORPTION

Class A/CBD: 250,000 sq.ft.
Class A/OutCBD: 125,000 sq.ft.
Class B/CBD: 26,000 sq.ft.
Class B/OutCBD: 52,500 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 600 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.25-$1.50 per sq.ft.
OutCBD: $1.25-$1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Trammel Crow
Lincoln
Rouse & Associates
Wilma Southeast
Paragon

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

DEMOGRAPHICS

POPULATION: 1,494,000
POPULATION GROWTH RATE: 0.8%
EMPLOYMENT GROWTH RATE: 2.4%
UNEMPLOYMENT RATE: 5.3%
PER CAPITA INCOME: $12,783

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 5,755,517 sq.ft.
Class A/OutCBD: 16,265,501 sq.ft.
Class B/CBD: 4,618,952 sq.ft.
Class B/OutCBD: 5,229,069 sq.ft.

VACANT INVENTORY

Class A/CBD: 1,031,233 sq.ft.
Class A/OutCBD: 3,383,762 sq.ft.
Class B/CBD: 1,354,110 sq.ft.
Class B/OutCBD: 1,125,490 sq.ft.

VACANCY RATES

Class A/CBD: 17.9%
Class A/OutCBD: 20.8%
Class B/CBD: 29.3%
Class B/OutCBD: 21.5%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 1,227,000 sq.ft.
Class A/OutCBD: 279,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 100,000 sq.ft.
Class A/OutCBD: 765,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $15-$20

TYPICAL PARKING RATIO

CBD: 2.5 per 1000 sq.ft.
OutCBD: 4 per 1000 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.25 per sq.ft.

OPERATING COST ESCALATION

Stop: 3.25 per sq.ft.

MAJOR DEVELOPERS

Trammel Crow
Executive Hills
Property Company of America
J.C. Nichols
Metropolitan Life/Jones & Co.

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

KANSAS CITY, MO: OFFICE

Market Area: Kansas City Metropolitan Area including Johnson County

1987 REVIEW

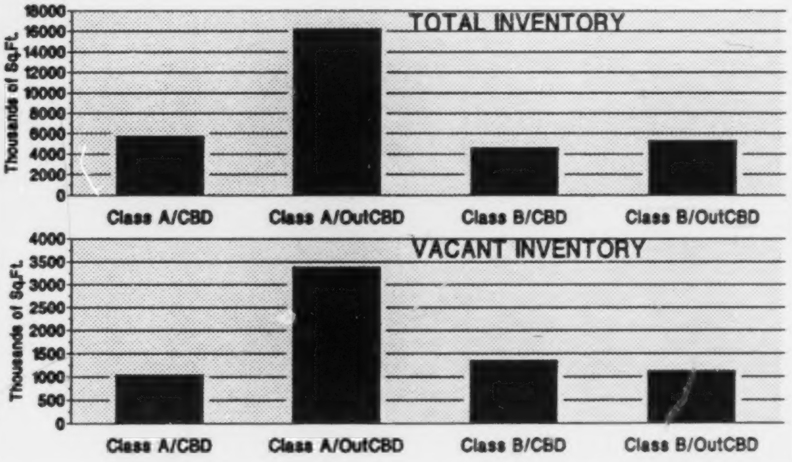
Office construction in Kansas City has dropped dramatically in 1987. A majority of recent leasing activity has come from the expansion of locally based firms and firms upgrading their space at extremely competitive rates. In the CBD, law firms and accounting firms account for approximately 40 to 45 percent of new space commitments.

Similarly, in the suburban market, most activity has been from local firms who are expanding or relocating into newer, upgraded space. Absorption of suburban Class A space equalled 765,000 square feet in 1987.

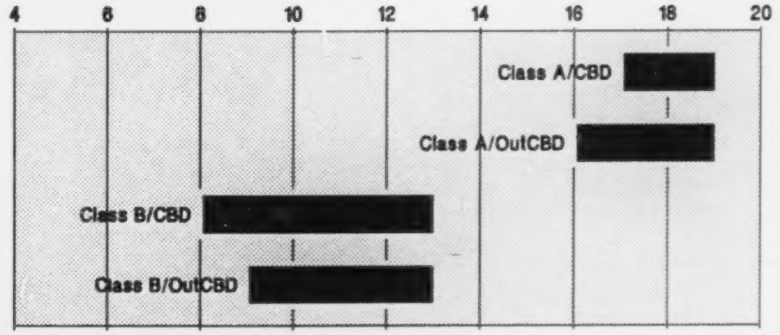
1988 FORECAST

SIOR panelists in Kansas City expect absorption to increase by one to five percent in 1988. However, with the abundant supply of space on the market, rental rates and landlord concessions will be unchanged from 1987 levels. Due to new construction, vacancies will increase by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 369,000
POPULATION GROWTH RATE: 2.6%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 8.1%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 240,000 sq.ft.
Class A/OutCBD: 175,000 sq.ft.
Class B/CBD: 125,000 sq.ft.
Class B/OutCBD: 275,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 52,000 sq.ft.
Class A/OutCBD: 30,000 sq.ft.
Class B/CBD: 23,000 sq.ft.
Class B/OutCBD: 60,000 sq.ft.

VACANCY RATES

Class A/CBD: 21.7%
Class A/OutCBD: 17.1%
Class B/CBD: 18.4%
Class B/OutCBD: 21.8%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 60,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 0
Class B/OutCBD: 125,000

NET ABSORPTION

Class A/CBD: 60,000 sq.ft.
Class A/OutCBD: 27,500 sq.ft.
Class B/CBD: 5,000 sq.ft.
Class B/OutCBD: 25,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.25 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year or Net

MAJOR DEVELOPERS

Trammel Crow
Hooker Barnes
Executive National Dev. Corp

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Up 11-15%
VACANCIES: Down 6-10%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Same

LAKELAND: OFFICE

Market Area: Lakeland Metropolitan Area

1987 REVIEW

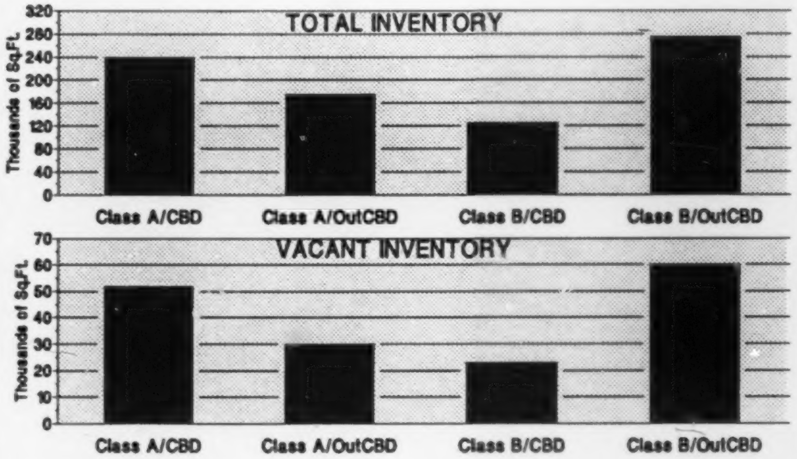
The Lakeland office market is comparatively small but strong growth is anticipated in the near future. The office market currently has about 815,000 square feet of inventory. Vacancy rates for Class A space range from 21.7 percent in the CBD to 17.1 percent in areas outside the CBD but the amount of vacant space is so small, rates can change quickly.

Total net absorption in 1987 reached 117,500 square feet with over one-half of the space leased located in the CBD. New construction equalled 185,000 square feet .

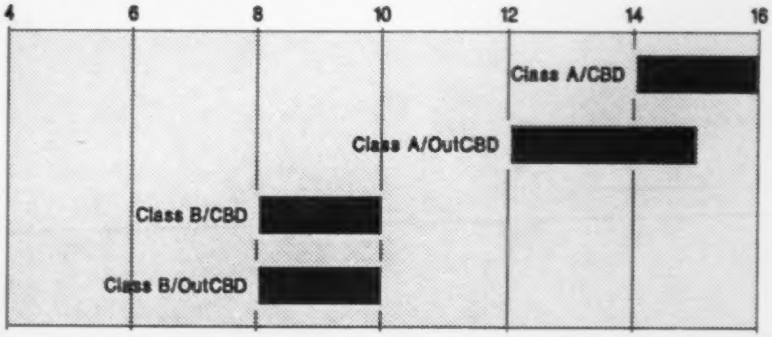
1988 FORECAST

SIOR panelists in Lakeland expect a very strong market in 1988. Construction and absorption will increase 11 to 15 percent. Rental rates will be up six to 10 percent and vacancies will decline by six to 10 percent. Landlord concessions, which currently result in a six to 10 percent discount factor, will remain unchanged.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 418,000
POPULATION GROWTH RATE: -0.1%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.8%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 768,440 sq.ft.
Class A/OutCBD: 1,050,800 sq.ft.
Class B/CBD: 1,483,560 sq.ft.
Class B/OutCBD: 1,633,880 sq.ft.

VACANT INVENTORY

Class A/CBD: 19,900 sq.ft.
Class A/OutCBD: 108,600 sq.ft.
Class B/CBD: 23,100 sq.ft.
Class B/OutCBD: 123,320 sq.ft.

VACANCY RATES

Class A/CBD: 2.6%
Class A/OutCBD: 10.3%
Class B/CBD: 1.6%
Class B/OutCBD: 7.5%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 192,435 sq.ft.
Class A/OutCBD: 91,300 sq.ft.
Class B/CBD: 0
Class B/OutCBD: 0

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.40 per sq.ft.
OutCBD: $1.20 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

n/a

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 6-10%
VACANCIES: Up 6-10%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Up 6-10%

LANSING: OFFICE

Market Area: Lansing Metropolitan Area

1987 REVIEW

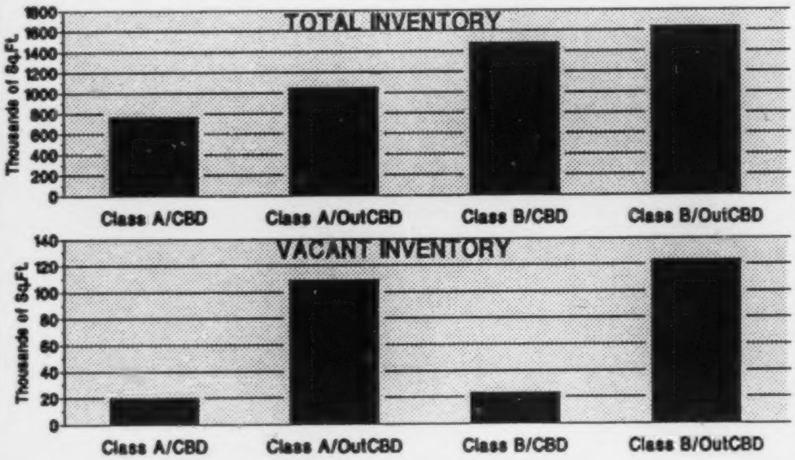
Lansing's office market has nearly five million square feet of space. Current vacancy rates are remarkably low with only 2.6 percent of Class A space available in the CBD and 10.3 percent of Class A space available in suburban areas. Approximately 285,000 square feet of space is presently under construction that will be available for occupancy within 12 months.

The market's strength is the result of the increased space requirements of the state government and expansion by local major firms.

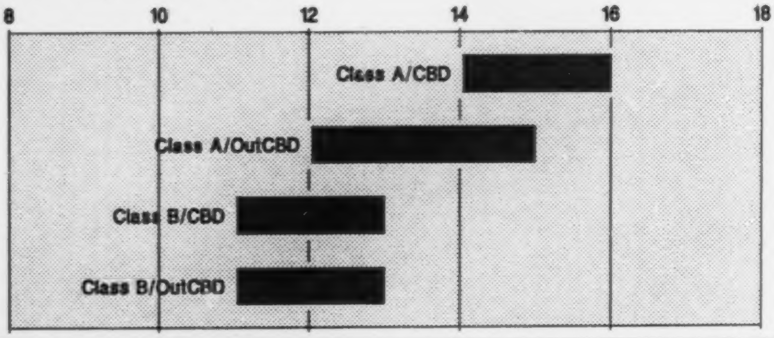
1988 FORECAST

SIOR panelists in Lansing expect growth to slow down in 1987. Construction will decline six to 10 percent and vacancies will increase six to 10 percent. Rental rates will increase but landlord concessions will rise also.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

LITTLE ROCK: OFFICE

Market Area: Little Rock Metropolitan Area including Western Little Rock

DEMOGRAPHICS

POPULATION: 499,000
POPULATION GROWTH RATE: 0.9%
EMPLOYMENT GROWTH RATE: 2.4%
UNEMPLOYMENT RATE: 6.6%
PER CAPITA INCOME: $10,924

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,923,971 sq.ft.
Class A/OutCBD: 1,833,788 sq.ft.
Class B/CBD: 747,428 sq.ft.
Class B/OutCBD: 978,167 sq.ft.

VACANT INVENTORY

Class A/CBD: 763,907 sq.ft.
Class A/OutCBD: 437,628 sq.ft.
Class B/CBD: 135,313 sq.ft.
Class B/OutCBD: 241,509 sq.ft.

VACANCY RATES

Class A/CBD: 26.1%
Class A/OutCBD: 23.9%
Class B/CBD: 18.1%
Class B/OutCBD: 24.7%

SUBLEASE INVENTORY

Class A: 95,000 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0
Class A/OutCBD: 72,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 101,744 sq.ft.
Class A/OutCBD: 25,000 sq.ft.
Class B/CBD: 9,953 sq.ft.
Class B/OutCBD: 5,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Trammel Crow

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Same
VACANCIES: Down 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

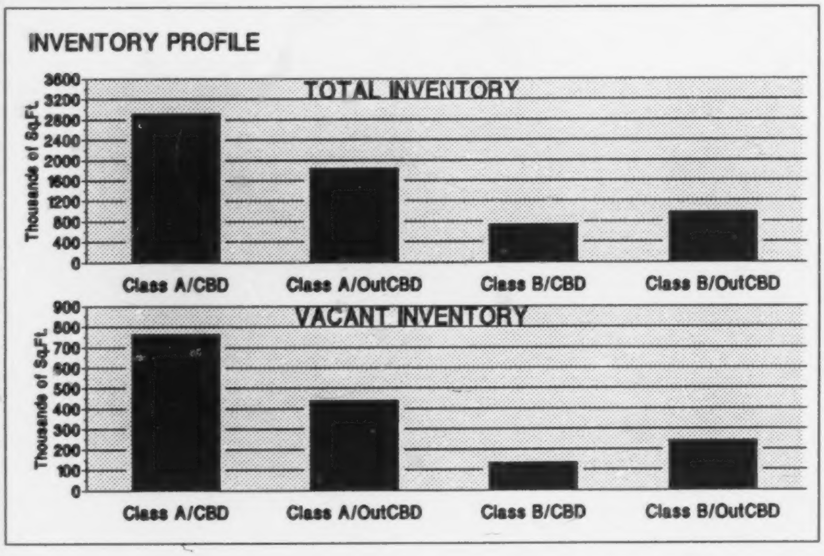
1987 REVIEW

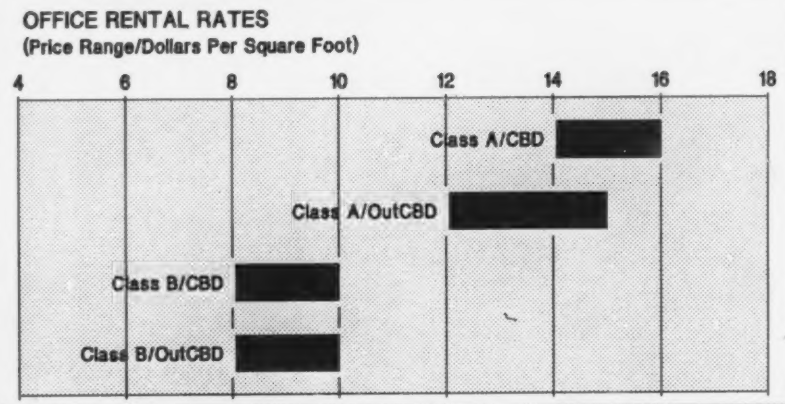
Little Rock's economy includes a diverse mix of service-related firms encompassing financial, insurance, and government services in addition to heavy industrial and energy-related firms. Little Rock's office market experienced steady growth in 1987. SIOR panelists in the area report that the city has not been adversely affected by the oil industry slump in the same way many other Southern cities have.

Little Rock is a second tier office market with approximately 6,500,000 square feet of office space. Most of the area's inventory is Class A space. Construction was minimal in 1987 but about 140,000 square feet was absorbed.

1988 FORECAST

Benefiting from its close proximity to major Texas, Louisiana, and Oklahoma markets, Little Rock is becoming a regional financial center. Absorption will increase by 11 to 15 percent in 1988. Vacancies will decline as a result of low construction activity.





TYPICAL CONCESSIONS:

Parking
Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION
Los Angeles-Anaheim-Riverside: 12,738,000
Anaheim-Santa Ana: 2,123,000
Los Angeles-Long Beach: 8,109,000
Oxnard-Ventura: 600,000
Riverside-San Bernadino: 1,907,000

POPULATION GROWTH RATE
Los Angeles-Anaheim-Riverside: 2.0%
Anaheim-Santa Ana: 1.8%
Los Angeles-Long Beach: 2.4%
Oxnard-Ventura: 5.0%
Riverside-San Bernadino: 4.5%

EMPLOYMENT GROWTH RATE
Los Angeles-Long Beach: 2.4%
Oxnard-Ventura: 5.0%
Riverside-San Bernadino: 4.5%

UNEMPLOYMENT RATE
Anaheim-Santa Ana: 3.0%
Los Angeles-Long Beach: 4.5%
Oxnard-Ventura: 5.5%
Riverside-San Bernadino: 5.5%

PER CAPITA INCOME
Los Angeles-Long Beach: $13,436
Oxnard-Ventura: $13,260
Riverside-San Bernadino: $11,409

LOS ANGELES METROPOLITAN AREA

Los Angeles Office Markets

The Los Angeles market area almost defies description. It encompasses an enormous area of Southern California and is currently in a period of remarkable change.

The area's populaton is approximately 12.7 million and growing at an average annual rate of two percent. The pace of growth has made the area famous for traffic congestion and its cost of housing. Still, Los Angeles has such a rich diversity of social and cultural resources to go along with its appealing climate that it remains an attractive place to live.

The Los Angeles economy is naturally quite diverse with a significant manufacturing employment base in defense-related industries and durable goods manufacturing. Non-manufacturing employment is high in wholesale and retail trade, business services, and financial services.

High growth sectors of the economy are tied into the role the city plays in U.S. trade with the Pacific Basin. Trade impacts the area in several ways. Clearly, goods passing through the area create the need for warehouse and distribution space. But, also a significant amount of activity related to finance, banking, real estate, insurance, legal affairs, and consulting is centered in Los Angeles.

SIOR panelists have divided the Los Angeles Metropolitan Area into five separate market areas to more accurately reflect the diversity of market characteristics. On the followng pages are reports from five market areas in and around the Los Angeles Metropolitan Area. They are

Los Angeles–Central,
Los Angeles–Orange County,
Los Angeles–San Fernando Valley,
Los Angeles–South Bay,
and Los Angeles–West.

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 24,682,360 sq.ft.
Class A/OutCBD: 157,381,037 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 4,100,000 sq.ft.
Class A/OutCBD: 23,607,154 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 17.0%
Class A/OutCBD: 15.0%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 720,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 2,186,135 sq.ft.
Class A/OutCBD: 15,017,630 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 1,200,000 sq.ft.
Class A/OutCBD: 7,900,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Approximate dollar value: $30

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES

CBD: $5.00 per sq.ft.
OutCBD: $5.50-$7.00 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

- Hines
- Lincoln
- Oxford
- Maguire Thomas Partners
- Manufactures Real Estate
- Raffi Cohen (RCI)
- Metropolitan Structures

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

LOS ANGELES-CENTRAL: OFFICE

Market Area: Downtown Los Angeles and Los Angeles County

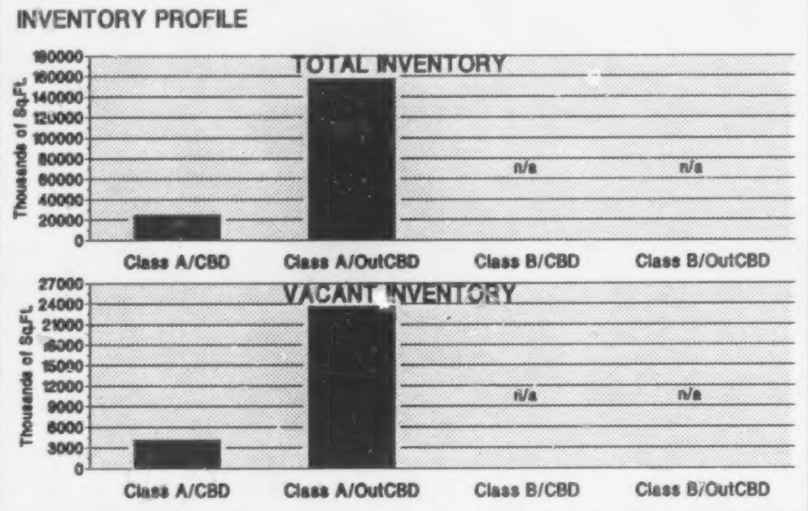
1987 REVIEW

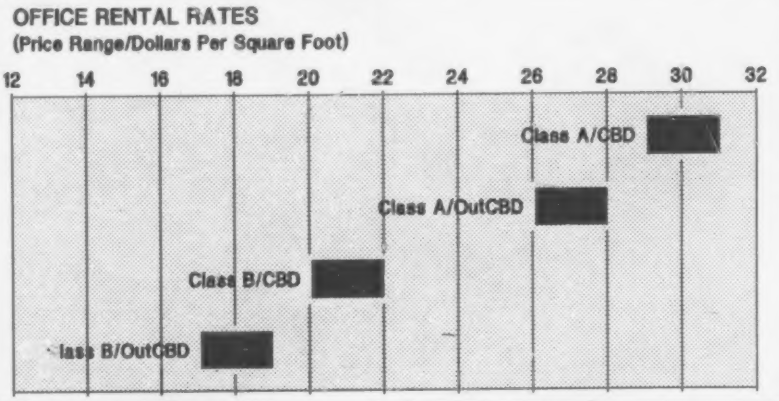
The Los Angeles–Central market area continues to experience remarkable growth. Vacancy rates range from 15 percent outside the CBD to 17 percent inside the CBD. Absorption totalled 9,100,000 square feet in 1987. Over 17 million square feet of space is presently under construction, primarily outside of the CBD.

Gross rental rates range from $17 to $31 per square foot. SIOR panelists report that landlord concessions result in an 11 to 15 percent rental rate discount factor.

1988 FORECAST

The Los Angeles-Central office market continues to tighten for users of 25,000 square feet or more. Between 1988 and 1993 an additional 9,000,000 square feet will be developed. Construction and rental rates will increase one to five percent in 1988. Absorption will increase six to 10 percent allowing vacancies and concessions to decline moderately.


INVENTORY PROFILE


OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)

TYPICAL CONCESSIONS:

- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements
- Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 11-15%

LOS ANGELES–ORANGE COUNTY: OFFICE

Market Area: Orange County

1987 REVIEW

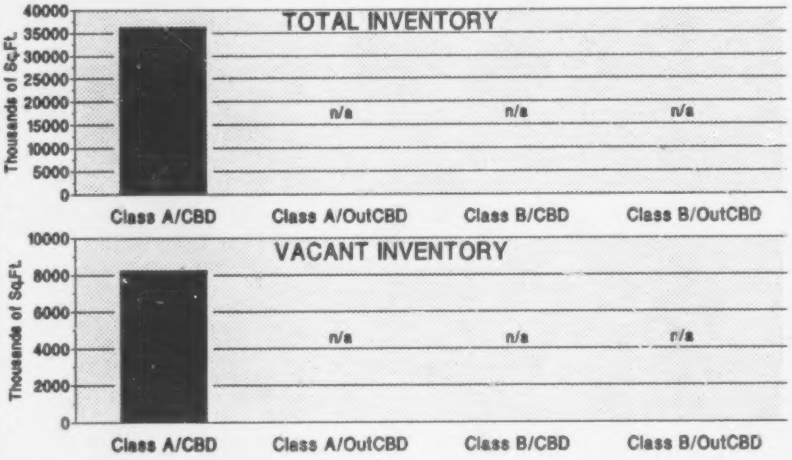
The Los Angeles-Orange County office market area has approximately 36.2 million square feet of office space. In 1987, the office market vacancy rate was 22.7 percent and absorption totalled more than 2.5 million square feet. Presently 7,191,531 square feet are under construction.

Class A rental rates vary from $20 to $25 per square foot. SIOR panelists state that landlord concessions, including parking, rental abatement, lease assumptions, moving allowance, and additional interior improvements typically result in a rental rate discount factor of 16 to 20 percent .

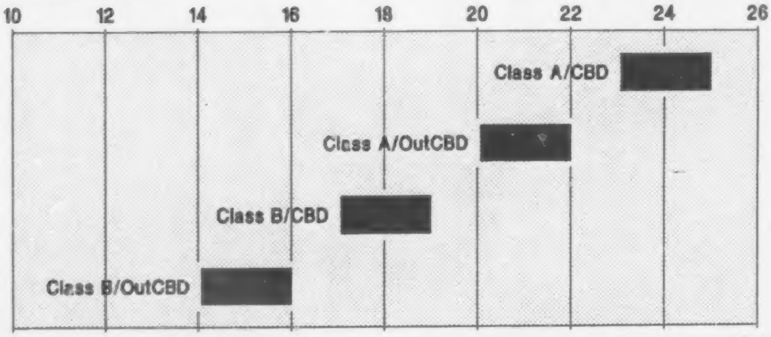
1988 FORECAST

In 1988, Orange County's office market will experience a six to 10 percent increase in absorption. Construction, however, will decrease by 11 to 15 percent. Rental rates will remain at 1987 levels but landlord concessions and work letters will become more generous.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 36,231,309 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 8,221,690 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 22.7%
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 339,916 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 7,191,531 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 2,546,419 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $18-$25

TYPICAL PARKING RATIO

CBD: 1 per 250 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.80 per sq.ft.
OutCBD: $1.80 per sq.ft.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Irvine Company
Koll Company
Trammel Crow
Lincoln
Birtcher Development
Seagerstrom Family
Transpacific Development
Nexus USA

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Down 11-15%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS:Up 6-10%

LOS ANGELES–SAN FERNANDO VALLEY: OFFICE

Market Area: San Fernando Valley

1987 REVIEW

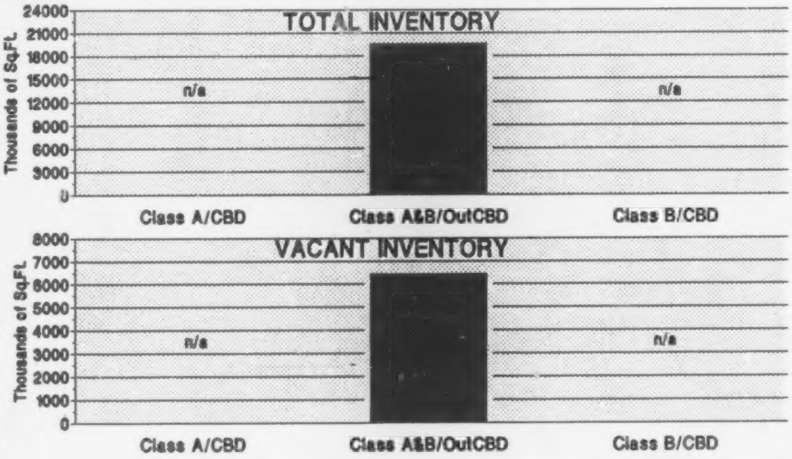
The Los Angeles-San Fernando market area has a good mix of general office-intensive service industries including insurance companies, law firms, financial services, and high-tech/research and development companies. In 1987, a total of 600,000 square feet were absorbed in the market area. Approximately 2,350,420 square feet are presently under construction.

Gross rental rates range from $20 to $28 per square foot. SIOR panelists report that landlord lease concessions typically result in an 11 to 15 percent discount factor.

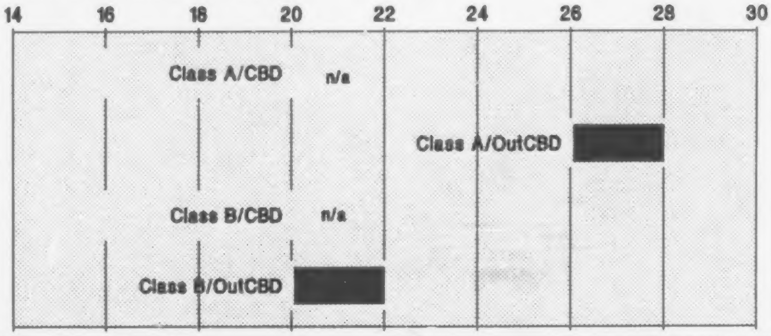
1988 FORECAST

Rental rates will increase by six to 10 percent in 1988, while construction, vacancies, and landlord concessions decrease by six to 10 percent. Los Angeles City's slow growth policies may hamper future absorption rates and new development. Expanding tenants may have to look to more outlying areas in the future.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class B/CBD: n/a
Class A & B/OutCBD: 19,510,700 sq.ft.

VACANT INVENTORY

Class A/CBD: n/a
Class B/CBD: n/a
Class A & B/OutCBD: 6,467,206 sq.ft.

VACANCY RATES

Class A/CBD: n/a
Class B/CBD: n/a
Class A & B/OutCBD: 33.0%

SUBLEASE INVENTORY

Class A & B: 160,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class B/CBD: n/a
Class A & B/OutCBD: 2,350,420 sq.ft.

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: 400,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 200,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $18

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 3 per 1000 sq.ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: $1.20 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Trammel Crow
Lincoln
Cabot, Cabot, & Forbes
Volt Companies

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 6-10%
VACANCIES: Down 6-10%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Same

LOS ANGELES–SOUTH BAY: OFFICE

Market Area: Torrance, Manchester Boulevard on the North to Orange County Line on the South

1987 REVIEW

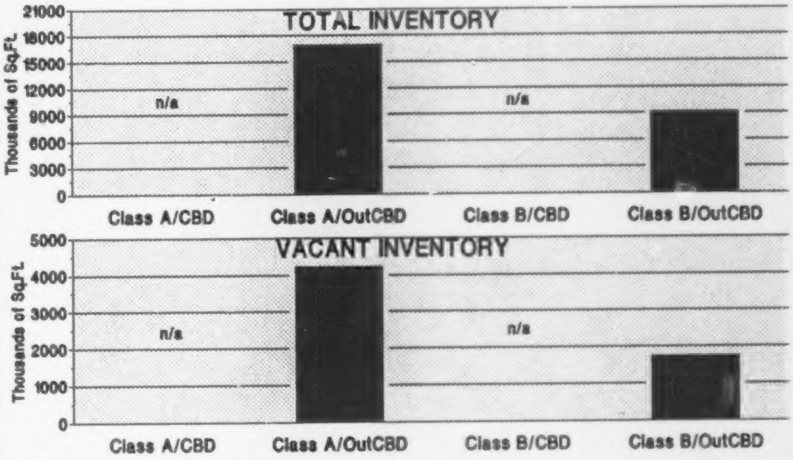
In 1987, the Los Angeles-South Bay office market was heavily impacted by reduced needs in the aerospace defense industry. The area has an estimatd 26 million square feet of office space, primarily Class A space. Approximately 25 percent of the Class A inventory is vacant. Net absorption was a negative 649,000 square feet in 1987.

Class A gross rental rates range from $20 to $29 per square foot. Landlord concessions, including parking, rental abatement, lease assumptions, moving allowances, and interior improvements, typically result in a rental rate discount factor of 16 to 20 percent

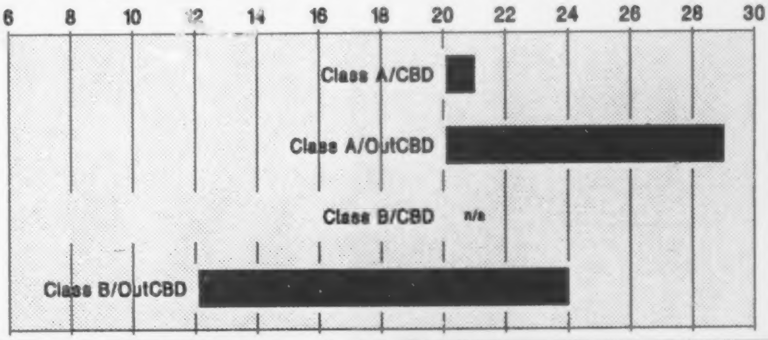
1988 FORECAST

SIOR panelists in the South Bay market area report that 1988 may prove to be another soft year for office leasing. Several major new developments have been delayed due to the uncertainty surrounding growth in the area. Rental rates will decline one to five percent and landlord concessions will increase.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Parking

RENTAL RATE DISCOUNT FACTOR: *16-20%*

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 16,893,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 9,131,000 sq.ft.

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 4,230,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 1,740,000 sq.ft.

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: 25.0%
Class B/CBD: n/a
Class B/OutCBD: 19.1%

SUBLEASE INVENTORY

Class A: 316,000 sq.ft.
Class B: 82,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 1,729,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 256,000 sq.ft.

NET ABSORPTION

Class A & B/CBD: n/a
Class A & B/OutCBD: -649,000 sq.ft

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $25

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: $1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: $4.50-$5.50 per sq.ft.

MAJOR DEVELOPERS

Oxford
Koll
Kilroy
Transpacific Development Co.
IDM
Watt Investment Properties

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 50%
VACANCIES: Up 1-5%
RENTAL RATES: Down 1-5%
LANDLORD CONCESSIONS: Up 6-10%

LOS ANGELES–WEST: OFFICE

Market Area: Los Angeles–West Metropolitan Area

1987 REVIEW

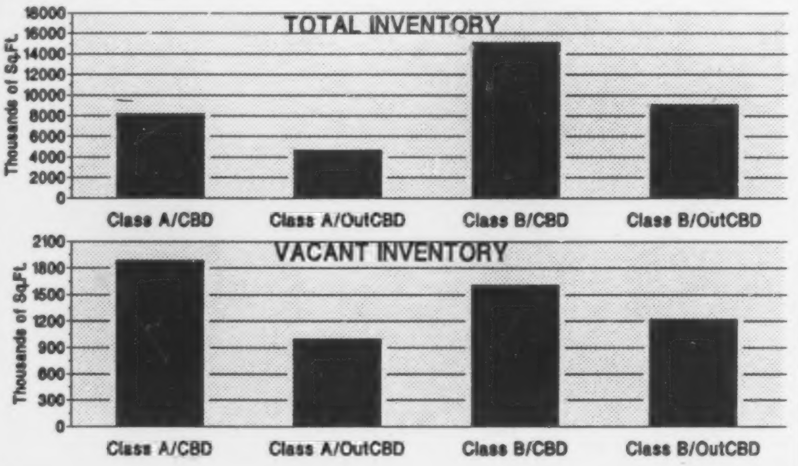
The Los Angeles-West office market has approximately 37 million square feet of rentable office space. The market absorbed over two million square feet in 1987. Currently, 2,054,361 square feet are under construction and will be available for lease by the end of 1988. Class A vacancy rates range from 21.5 percent in areas outside the CBD to 23.2 percent in the CBD.

Gross rental rates range from $18 to $27 per square foot for Class B space and $24 to $42.60 per square foot for Class A space. SIOR panelists report that rental abatement, lease assumptions and additional interior improvements typically result in an 11 to 15 percent rental rate discount factor.

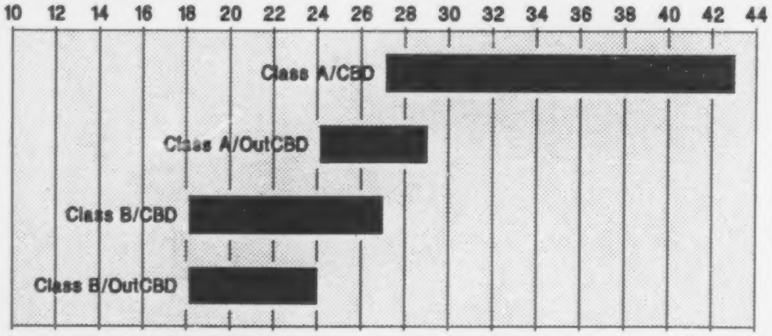
1988 FORECAST

Absorption is expected to increase sharply in 1988 increasing six to 10 percent. The rate of construction will remain unchanged allowing vacancies to decline moderately.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 8,148,401 sq.ft.
Class A/OutCBD: 4,662,074 sq.ft.
Class B/CBD: 15,085,861 sq.ft.
Class B/OutCBD: 9,085,807 sq.ft.

VACANT INVENTORY

Class A/CBD: 1,888,102 sq.ft.
Class A/OutCBD: 1,000,205 sq.ft.
Class B/CBD: 1,608,170 sq.ft.
Class B/OutCBD: 1,221,980 sq.ft.

VACANCY RATES

Class A/CBD: 23.2%
Class A/OutCBD: 21.5%
Class B/CBD: 10.7%
Class B/OutCBD: 13.4%

SUBLEASE INVENTORY

Class A: 404,510 sq.ft.
Class B: 521,189 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 1,158,761 sq.ft.
Class A/OutCBD: 755,600 sq.ft.
Class B/CBD: 75,000 sq.ft.
Class B/OutCBD: 65,000 sq.ft.

NET ABSORPTION

Class A/CBD: 1,492,076 sq.ft.
Class A/OutCBD: 322,516 sq.ft.
Class B/CBD: 49,801 sq.ft.
Class B/OutCBD: 189,212 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot, Approximate dollar value: $15-$20

TYPICAL PARKING RATIO

CBD: 2.7 per 1000 sq.ft.
OutCBD: 3 per 1000 sq.ft.

AVERAGE UTILITY RATES

CBD: $12-$15 per sq.ft.
OutCBD: $12-$15 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: $5.25-$7.50 per sq.ft.

MAJOR DEVELOPERS

Koll
Bren
Homart
Tishman West
Bramalea

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

LOUISVILLE: OFFICE

MarketArea: Louisville Metropolitan Area

1987 REVIEW

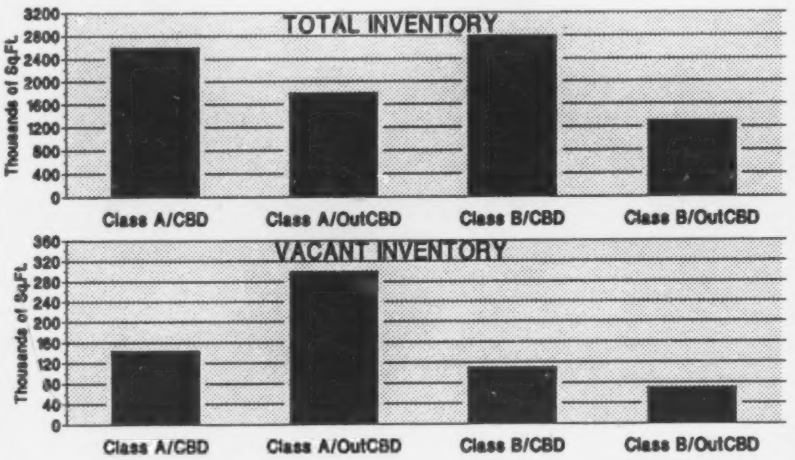
The Louisville office market currently has approximately 8.5 million square feet of inventory. About 5.4 million square feet is located in the CBD. Vacancy rates for Class A space range from 5.5 percent in the CBD to 16.7 percent in areas outside the CBD. The market for Class B office space is also tight. Vacancy rates range from 3.9 percent in the CBD to 5.4 percent in suburban areas.

Absorption totalled 430,000 square feet in 1987. Class A space accounted for 305,000 square feet of absorption. Construction activity is exclusively limited to 250,000 square feet of Class A suburban space.

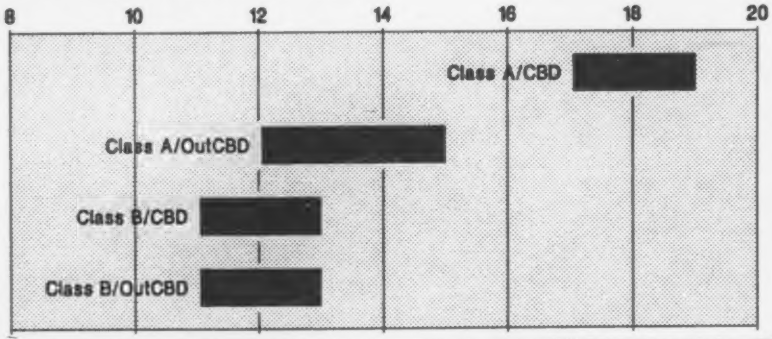
1988 FORECAST

SIOR panelists in Louisville expect strong demand and a tight market, especially in the CBD. Absorption will be up six to 10 percent. Construction will increase moderately but vacancies will still fall one to five percent. Rental rates are rising but landlord concessions will be more common in 1988.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements
- Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 964,000
POPULATION GROWTH RATE: 0.2%
EMPLOYMENT GROWTH RATE: 0.9%
UNEMPLOYMENT RATE: 5.8%
PER CAPITA INCOME: $11,386

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,600,000 sq.ft.
Class A/OutCBD: 1,800,000 sq.ft.
Class B/CBD: 2,800,000 sq.ft.
Class B/OutCBD: 1,300,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 144,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 110,000 sq.ft.
Class B/OutCBD: 70,000 sq.ft.

VACANCY RATES

Class A/CBD: 5.5%
Class A/OutCBD: 16.7%
Class B/CBD: 3.9%
Class B/OutCBD: 5.4%

SUBLEASE INVENTORY

Class A: 40,000 sq.ft.
Class B: 15,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 250,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 125,000 sq.ft.
Class A/OutCBD: 180,000 sq.ft.
Class B/CBD: 50,000 sq.ft.
Class B/OutCBD: 75,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 0.8 per 1000 sq.ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.30 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year or Stop

MAJOR DEVELOPERS

Trammel Crow
Lincoln
Oxford
STM Development
NTS Development

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

MELBOURNE/S. BREVARD COUNTY: OFFICE

Market Area: Melbourne and South Brevard County

1987 REVIEW

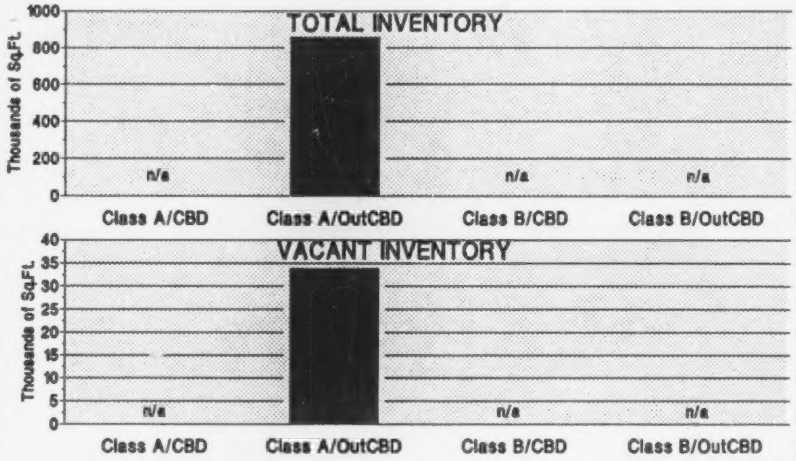
Melbourne and South Brevard County have a growing economy with a high concentration of high-technology manufacturing. The office market is relatively small with approximately 850,000 square feet of inventory. In 1987, office vacancy rates reached 39 percent but, rates can change rapidly in a market where a single large leasing transaction can have a significant impact on the total market.

Gross rental rates range from $10 to $15 per square foot for Class A space and $7 to $9 per square foot for Class B space. SIOR Panelists report that landlord lease concessions have little or no effect on gross rental rates.

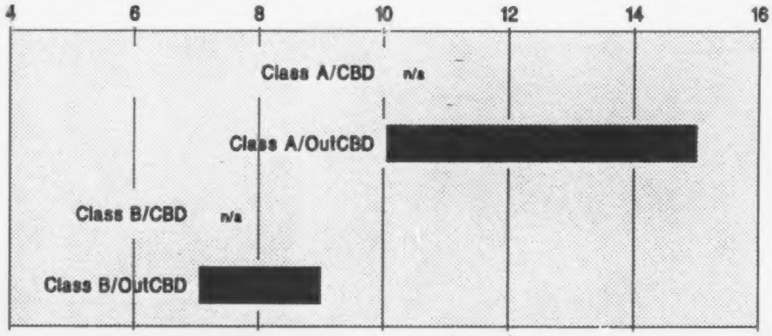
1988 FORECAST

South Brevard County's office market is expected to be stable in 1988. Absorption and construction will increase one to five percent while rental rates and vacancies should maintain their 1987 positions.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 102,000
POPULATION GROWTH RATE: 4.5%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.0%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 854,419 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 33,734 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: 39.1%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 45,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 90,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: $1.20 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Trammel Crow
DeBartolo
Sutton Properties
Cunningham & Ingram
Saundry & Associates
Lewis Properties

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 945,000
POPULATION GROWTH RATE: 0.6%
EMPLOYMENT GROWTH RATE: 1.8%
UNEMPLOYMENT RATE: 5.4%
PER CAPITA INCOME: $10,706

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 5,500,000 sq.ft.
Class A/OutCBD: 9,000,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 2,540,000 sq.ft.
Class A/OutCBD: 1,800,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 28.0%
Class A/OutCBD: 20.0%
Class B/CBD: n/a
Class B/OutCBD n/a

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 650,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 200,000 sq.ft.
Class A/OutCBD: 800,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 1500 sq.ft.
OutCBD: 1 per 300 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.15 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop

MAJOR DEVELOPERS

Boyle
Trammell Crow
Vantange

OUTLOOK

ABSORPTION: Down 5-10%
CONSTRUCTION: Down 20%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

MEMPHIS: OFFICE

Market Area: Memphis Metropolitan Area

1987 REVIEW

Business services, finance, insurance, and real estate services account for about 15 percent of the total non-manufacturing employment in the Memphis area. Memphis State University, the Memphis Naval Air Station, and Federal Express are other major office-intensive employers in the Memphis area.

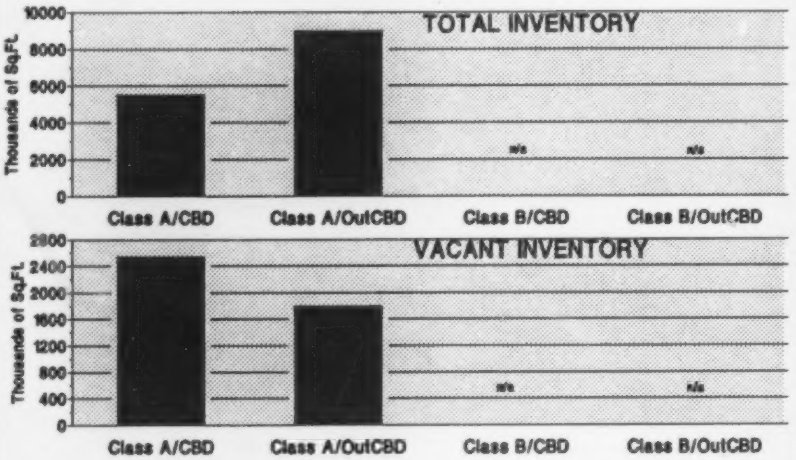
Office vacancy rates range from 28 percent for Class A space in the CBD to 20 percent for Class A space in suburban areas.

Construction activity was confined exclusively to suburban areas where 650,000 square feet will be available by the end of 1988.

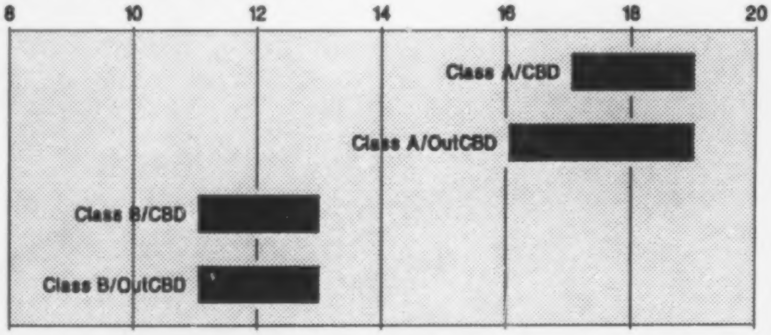
1988 FORECAST

Construction activity will decline by 20 percent in 1988 responding to high vacancy rates in 1987. Absorption will be down too but the net result will allow for marginal improvement in vacancies. Gross rental rates will remain the same but landlord concessions will decline by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: *16-20%*

MIAMI: OFFICE

Market Area: Miami Metropolitan Area

1987 REVIEW

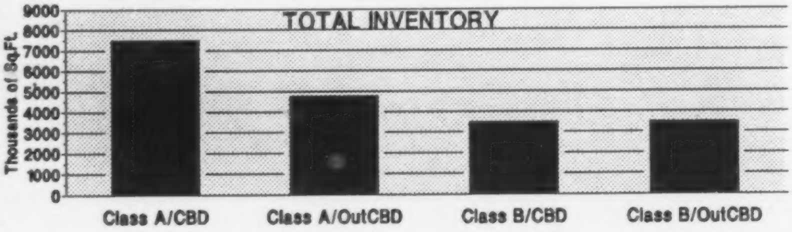
Miami is one of America's most international cities and a significant amount of office market activity is the result of interest from South American and Caribbean firms.

Miami's office market includes over 19 million square feet of office space. Approximately one million square feet of Class A space is presently under construction and will be available for occupancy by the end of 1988. Net absorption totalled 1.9 million square feet in 1987 and was evenly split between the CBD and areas outside the CBD.

1988 FORECAST

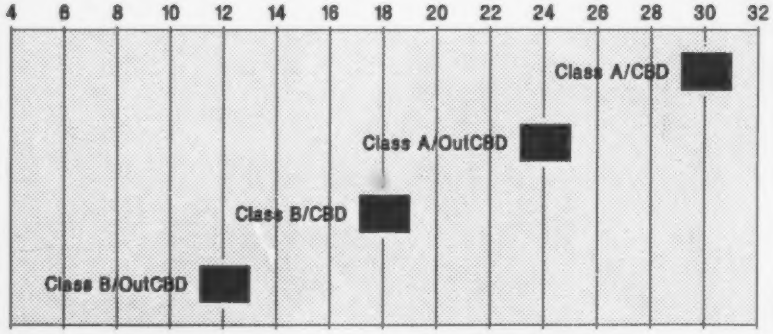
SIOR panelists in Miami expect strong market conditions in 1988. Employment gains were particularly strong during the fourth quarter of 1987. Absorption and construction will both increase in 1988. Gross rental rates will be up one to five percent but there will also be marginal increases in landlord concessions. Overall vacancies will fall one to five percent.

INVENTORY PROFILE



VACANCY INFORMATION IS
NOT CURRENTLY AVAILABLE

OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 1,753,000
POPULATION GROWTH RATE: 1.4%
EMPLOYMENT GROWTH RATE: 3.1%
UNEMPLOYMENT RATE: 5.5%
PER CAPITA INCOME: $12,257

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 7,500,000 sq.ft.
Class A/OutCBD: 4,750,000 sq.ft.
Class B/CBD: 3,500,000 sq.ft.
Class B/OutCBD: 3,500,000 sq.ft.

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 1,250,000 sq.ft.
Class B: 1,400,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 400,000 sq.ft.
Class A/OutCBD: 600,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 700,000 sq.ft.
Class A/OutCBD: 400,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: 600,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $25

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $2.25 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Hines
Trammel Crow
Lincoln

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

MILWAUKEE: OFFICE

Market Area: Milwaukee Metropolitan Area

1987 REVIEW

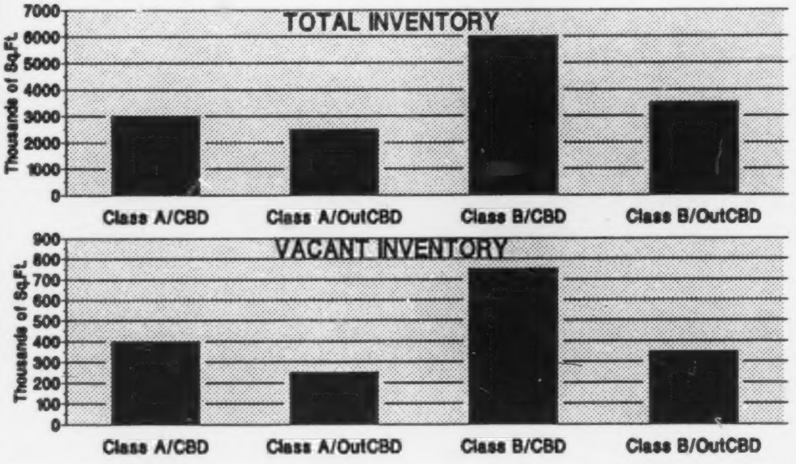
Milwaukee's office market consists of approximately 15 million square feet of space. Of the nine million square feet located in the CBD, three million square feet is Class A space. Vacancy rates for Class A space range from 13.3 percent in the CBD to 10 percent in the suburbs.

Absorption was very strong in 1987 totalling 950,000 square feet which is over one-half of the current vacant inventory. Class A absorption was split evenly between the CBD and areas outside the CBD. Construction activity reflects the strength of the Milwaukee market with 700,000 square feet of new space presently under construction.

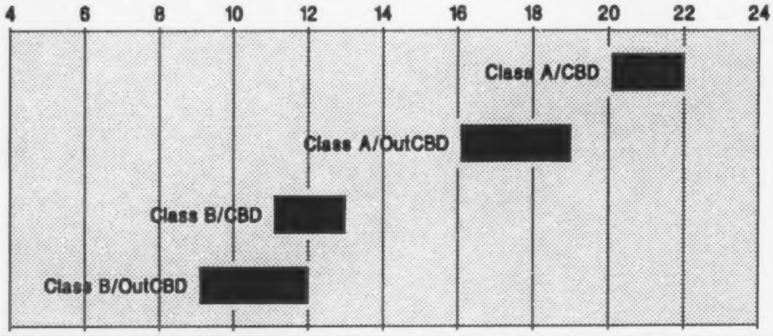
1988 FORECAST

SIOR panelists in Milwaukee report that the economy is excellent and expect strong demand for office space. Absorption will increase six to 10 percent and construction will increase one to five percent. Rental rates will be marginally higher and landlord concessions will decline one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 1,379,000
POPULATION GROWTH RATE: -0.3%
EMPLOYMENT GROWTH RATE: 1.0%
UNEMPLOYMENT RATE: 5.1%
PER CAPITA INCOME: $13,120

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 3,000,000 sq.ft.
Class A/OutCBD: 2,500,000 sq.ft.
Class B/CBD: 6,000,000 sq.ft.
Class B/OutCBD: 3,500,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 400,000 sq.ft.
Class A/OutCBD: 250,000 sq.ft.
Class B/CBD: 750,000 sq.ft.
Class B/OutCBD: 350,000 sq.ft.

VACANCY RATES

Class A/CBD: 13.3%
Class A/OutCBD: 10.0%
Class B/CBD: 12.5%
Class B/OutCBD: 10.0%

SUBLEASE INVENTORY

Class A: Negligible
Class B: Negligible

CURRENT CONSTRUCTION

Class A/CBD: 350,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 50,000 sq.ft.

NET ABSORPTION

Class A/CBD: 300,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: 150,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 1 per 1500 sq.ft.
OutCBD: 1 per 600 sq.ft.

AVERAGE UTILITY RATES

CBD: $0.60 per sq.ft.
OutCBD: $0.60 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Stop

MAJOR DEVELOPERS

Opus
Boldt
Faison
Trammel Crow

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

DEMOGRAPHICS

POPULATION: 2,262,000
POPULATION GROWTH RATE: 1.1%
EMPLOYMENT GROWTH RATE: 2.9%
UNEMPLOYMENT RATE: 4.9%
PER CAPITA INCOME: $14,048

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 8,264,756 sq.ft.
Class A/OutCBD: 17,338,839 sq.ft.
Class B/CBD: 6,396,405 sq.ft.
Class B/OutCBD: 0 sq.ft.

VACANT INVENTORY

Class A/CBD: 484,614 sq.ft.
Class A/OutCBD: 3,241,000 sq.ft.
Class B/CBD: 169,937 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 5.9%
Class A/OutCBD: 18.7%
Class B/CBD: 2.7%
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 300,000 sq.ft.
Class B: 150,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 2,769,556 sq.ft.
Class A/OutCBD: 2,500,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 879,000 sq.ft.
Class A/OutCBD: 2,024,000 sq.ft.
Class B/CBD: 97,000 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 1000 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.75 per sq.ft.
OutCBD: $1.75 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Hines
Vantage
Trammel Crow
Lincoln
BCED

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Down 11-15%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 6-10%

MINNEAPOLIS/ST. PAUL: OFFICE

Market Area: Minneapolis/St. Paul Metropolitan Area

1987 REVIEW

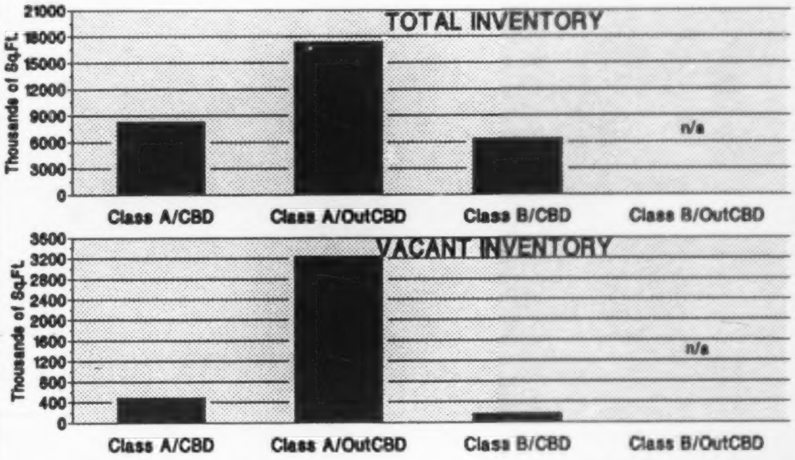
Minneapolis/St. Paul is the headquarters for several Fortune 500 companies that represent a broad spectrum of industries. This diverse economic base is a major reason why the metropolitan area has prospered in recent years.

The Twin Cities' office market has nearly 32 million square feet of office space. Over one-half of the total inventory is Class A space located in areas outside the CBD. Vacancy rates range from only 5.9 percent for Class A space in the CBD to 18.7 percent for suburban Class A space. More than 5.2 million square feet of office space is currently under construction. Absorption topped three million square feet in 1987.

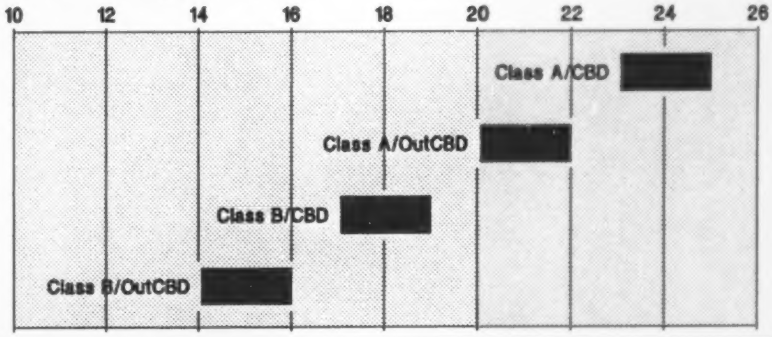
1988 FORECAST

SIOR panelists in Minneapolis/St. Paul expect another strong year in 1988. Absorption will increase one to five percent. Construction will drop off significantly by 11 to 15 percent. There will be moderate increases in rental rates but landlord concessions will become more prevalent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

MOBILE: OFFICE

Market Area: Mobile and Mobile County

1987 REVIEW

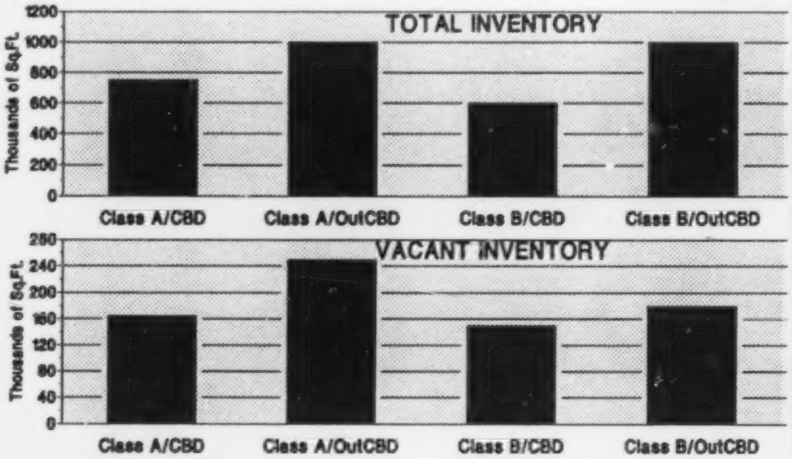
The Mobile market area has about 3,350,000 square feet of office space with over two-thirds located outside the CBD. In 1987, 150,000 square feet were absorbed and 200,000 square feet are presently under construction. Vacancy rates range from 18 to 25 percent in the area.

Mobile rental rates are in the $8 to $10 range for Class B space and the $12 to $16 range for Class A space. SIOR panelists report that landlord concessions such as parking, rental abatement, lease assumptions, moving allowance and additional interior improvements, result in a rental rate discount factor of between 11 and 15 percent.

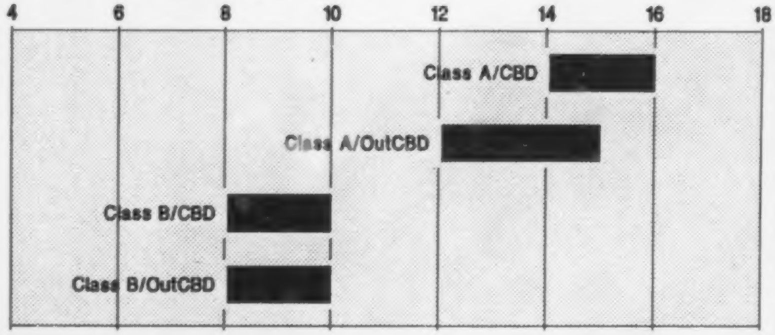
1988 FORECAST

SIOR panelists expect both vacancies and landlord concessions should increase six to 10 percent in 1988. Absorption and rental rates will remain at their 1987 level, while construction will decrease six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 469,000
POPULATION GROWTH RATE: 1.1%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 8.8%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 750,000 sq.ft.
Class A/OutCBD: 1,000,000 sq.ft.
Class B/CBD: 600,000 sq.ft.
Class B/OutCBD: 1,000,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 165,000 sq.ft.
Class A/OutCBD: 250,000 sq.ft.
Class B/CBD: 150,000 sq.ft.
Class B/OutCBD: 180,000 sq.ft.

VACANCY RATES

Class A/CBD: 22.0%
Class A/OutCBD: 25.0%
Class B/CBD: 25.0%
Class B/OutCBD: 18.0%

SUBLEASE INVENTORY

Class A: 200,000 sq.ft.
Class B: 130,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

NET ABSORPTION

Class A/CBD: 50,000 sq.ft.
Class A/OutCBD: 50,000 sq.ft.
Class B/CBD: 25,000 sq.ft.
Class B/OutCBD: 25,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $15

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.35 per sq.ft.
OutCBD: $1.35 per sq.ft.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

n/a

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 6-10%
VACANCIES: Up 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 6-10%

NASHUA: OFFICE

Market Area: Nashua Metropolitan Area

1987 REVIEW

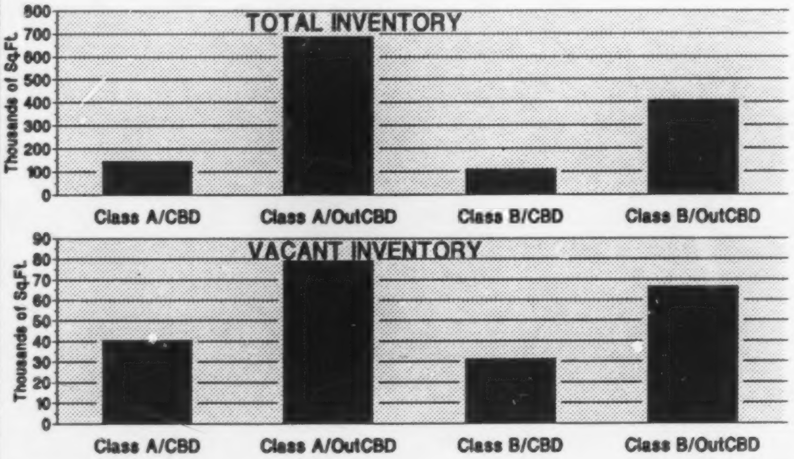
Nashua is located in Southern New Hampshire near the Massachusett border. The area's employment base has been growing 5.1 percent annually in recent years and vigorous growth is expected to continue.

Nashua's office users are primarily local service firms and high-tech companies. The average user typically requires 2,500 to 3,000 square feet with an occasional tenant requiring 10,000 to 20,000 square feet. Net absorption in 1987 totalled 305,000 square feet.

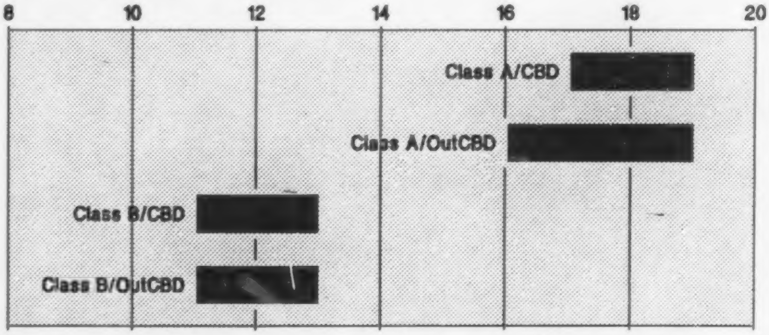
1988 FORECAST

The office/R & D market is establishing its presence in Nashua with speculative construction of over 200,000 square feet currently underway. SIOR panelists in Nashua expect absorption to decline by 11 to 15 percent from 1987 levels. While there will be marginal increases in gross rental rates, landlord concessions will increase six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 158,000
POPULATION GROWTH RATE: 1.9%
EMPLOYMENT GROWTH RATE: 5.1%
UNEMPLOYMENT RATE: 2.4%
PER CAPITA INCOME: $13,299

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 145,000 sq.ft.
Class A/OutCBD: 687,000 sq.ft.
Class B/CBD: 110,835 sq.ft.
Class B/OutCBD: 409,045 sq.ft.

VACANT INVENTORY

Class A/CBD: 40,500 sq.ft.
Class A/OutCBD: 79,100 sq.ft.
Class B/CBD: 31,335 sq.ft.
Class B/OutCBD: 66,400 sq.ft.

VACANCY RATES

Class A/CBD: 27.9%
Class A/OutCBD: 11.5%
Class B/CBD: 28.3%
Class B/OutCBD: 16.2%

SUBLEASE INVENTORY

Class A: 8,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 130,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 85,000 sq.ft.

NET ABSORPTION

Class A/CBD: 5,000 sq.ft.
Class A/OutCBD: 274,900 sq.ft.
Class B/CBD: 9,500 sq.ft.
Class B/OutCBD: 16,000 sq.ft.

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.75 per sq.ft.
OutCBD: $1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

The Flatley Co.
Gutierrez Co.

OUTLOOK

ABSORPTION: Down 11-15%
CONSTRUCTION: Up 11-15%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS:Up 6-10%

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 33,109,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 49,049,500 sq.ft.

VACANT INVENTORY
Class A/CBD: n/a
Class A/OutCBD: 6,245,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 9,190,000 sq.ft.

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: 18.9%
Class B/CBD: n/a
Class B/OutCBD: 18.7%

SUBLEASE INVENTORY
Class A: 1,410,000 sq.ft.
Class B: 8,130,000 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: 4,835,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 1,060,000 sq.ft.

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: 3,950,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 1,204,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $8 per sq.ft.

TYPICAL PARKING RATIO
CBD: n/a
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES
CBD: n/a
OutCBD: $1.10 per sq.ft.

OPERATING COST ESCALATION
Base year

MAJOR DEVELOPERS
Trammel Crow
Vantage
Lincoln
Prudential
Sammis

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

NEW JERSEY–CENTRAL: OFFICE

Market Area: Morris, West Essex, Union, Middlesex, Mercer, Somerset, and Monmouth Counties

1987 REVIEW

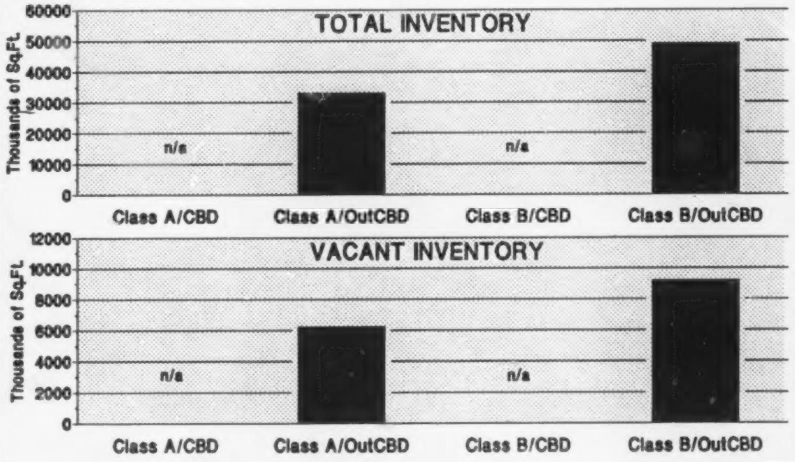
The Central New Jersey office market currently has approximately 82 million square feet of inventory. Over 33 million square feet is Class A space. Vacancy rates range from 18.7 percent for Class B space to 18.9 for Class A space.

More than 5.9 million square feet of new construction is presently underway, although SIOR panelists report that new construction activity has been curtailed. Most new development has taken place on the Route 78 corridor. Absorption in 1987 totalled over 5.1 million square feet.

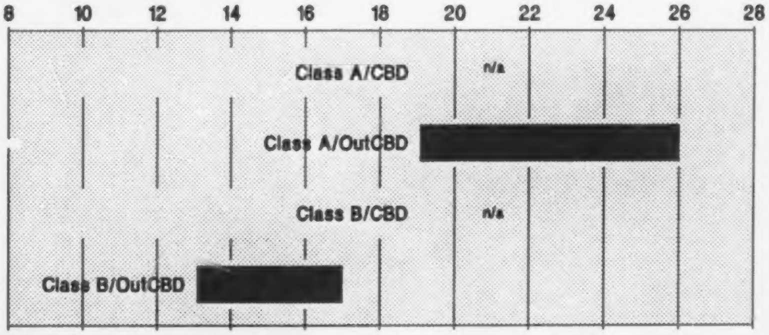
1988 FORECAST

SIOR panelists expect a mild firming of rental rates as steady absorption reduces vacancy rates. Landlord concessions typically result in a rental rate discount factor of 11 to 15 percent which will carry over into 1988. Construction activity will pick up as the year unfolds, increasing one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Parking
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

NEW JERSEY–NORTHERN: OFFICE

Market Area: Bergen, Passaic, Hudson and Essex Counties

1987 REVIEW

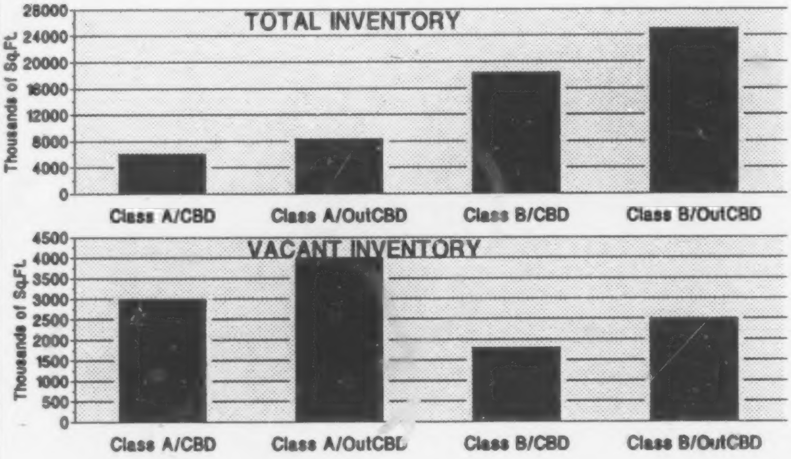
Northern New Jersey has been experiencing extremely high growth rates during the past year due to substantially lower costs as compared with surrounding New York and its suburbs. Construction activity is ahead of absorption causing comparatively high vacancy rates. Absorption totalled over 5.6 million square feet in 1987. Nearly 7.5 million square feet of space is under construction.

SIOR panelists in Northern New Jersey report that landlord concessions typically result in a 16 to 20 percent discount factor.

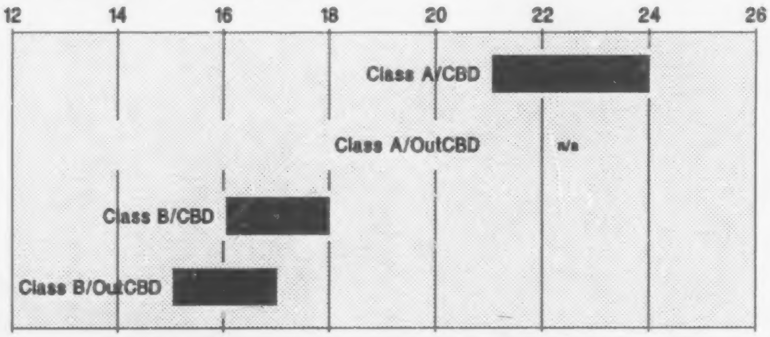
1988 FORECAST

A pending collapse in employment in the financial services industry could likely result in higher vacancy rates and lower absorption in 1988. SIOR panelists expect a one to five percent increase in both construction and vacancies and a six to 10 percent increase in rental rates. Absorption will decline one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 6,000,000 sq.ft.
Class A/OutCBD: 8,325,000 sq.ft.
Class B/CBD: 18,300,000 sq.ft.
Class B/OutCBD: 24,975,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 3,000,000 sq.ft.
Class A/OutCBD: 4,000,000 sq.ft.
Class B/CBD: 1,800,000 sq.ft.
Class B/OutCBD: 2,500,000 sq.ft.

VACANCY RATES

Class A/CBD: 50.0%
Class A/OutCBD: 48.0%
Class B/CBD: 9.8%
Class B/OutCBD: 10.0%

SUBLEASE INVENTORY

Class A: 600,000 sq.ft.
Class B: 3,000,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 2,500,000 sq.ft.
Class A/OutCBD: 3,500,000 sq.ft.
Class B/CBD: 600,000 sq.ft.
Class B/OutCBD: 850,000 sq.ft.

NET ABSORPTION

Class A/CBD: 2,000,000 sq.ft.
Class A/OutCBD: 2,500,000 sq.ft.
Class B/CBD: 500,000 sq.ft.
Class B/OutCBD: 637,500 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 2500 sq.ft.
OutCBD: 1 per 2500 sq.ft.

AVERAGE UTILITY RATES

CBD: $2.10 per sq.ft.
OutCBD: $1.90 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Vantage
Trammel Crow
Lincoln
Mack Construction Company
Poskanzer Tulp Company
Cali Associates
McBride Enterprises
Hartz Development Co.

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Same

NEW JERSEY–SOUTHERN: OFFICE

Market Area: Camden, Gloucester, and Burlington Counties

1987 REVIEW

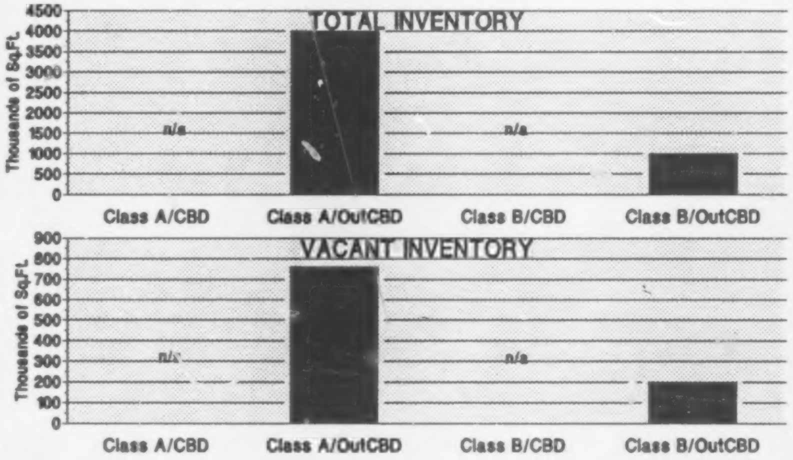
The Southern New Jersey office market currently has approximately five million square feet of inventory, 80 percent of which is Class A space. Vacancy rates are currently 19 percent for Class A space and 20 percent for Class B space.

Approximately 1.1 million square feet of Class A space is presently under construction. Class A rental rates are typically $16 to $19 per square foot. Landlord concessions are minimal, resulting in a rental rate discount factor of less than five percent.

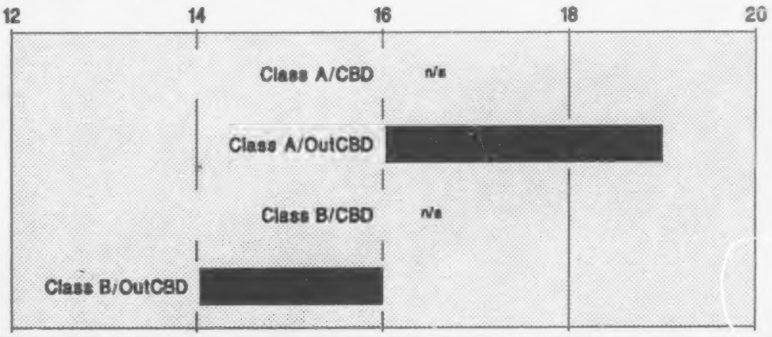
1988 FORECAST

SIOR panelists in Southern New Jersey expect construction to increase by one to five percent. Vacancies are also expected to increase one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 4,000,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 1,000,000 sq.ft.

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 760,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 200,000 sq.ft.

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: 19.0%
Class B/CBD: n/a
Class B/OutCBD: 20.0%

SUBLEASE INVENTORY

Class A: 50,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 1,100,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $17 per sq.ft.

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: $1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: Class A $4.50-$5.50 (including utilities)

MAJOR DEVELOPERS

Trammel Crow
Oxford
Howco
Whitesell Enterprises

OUTLOOK

ABSORPTION: n/a
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: n/a
LANDLORD CONCESSIONS: n/a

DEMOGRAPHICS

POPULATION: 1,234,000
POPULATION GROWTH RATE: 1.0%
EMPLOYMENT GROWTH RATE: 1.9%
UNEMPLOYMENT RATE: 9.2%
PER CAPITA INCOME: $11,459

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 8,873,952 sq.ft.
Class A/OutCBD: 3,63,140 sq.ft.
Class B/CBD: 5,873,723 sq.ft.
Class B/OutCBD: 2,975,980 sq.ft.

VACANT INVENTORY

Class A/CBD: 1,640,075 sq.ft.
Class A/OutCBD: 982,021 sq.ft.
Class B/CBD: 1,523,726 sq.ft.
Class B/OutCBD: 808,941 sq.ft.

VACANCY RATES

Class A/CBD: 18.5%
Class A/OutCBD: 27.1%
Class B/CBD: 25.9%
Class B/OutCBD: 27.1%

SUBLEASE INVENTORY

Class A: 171,757 sq.ft.(Partial List)
Class B: 232,592 sq.ft.(Partial List)

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 450,103 sq.ft.
Class A/OutCBD: 336,105 sq.ft.
Class B/CBD: -190,015 sq.ft.
Class B/OutCBD: -24,180 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $16

TYPICAL PARKING RATIO

CBD: 1 PER 1000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES

CBD: $1.20 per sq.ft.
OutCBD: $1.10 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year or Stop: $4.50-$5.00 average, Class A & B combined

MAJOR DEVELOPERS

Trammel Crow
Lincoln
DeBartolo
Lakeway Companies
Joseph Canizaro Interests
Westminster

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 6-10%

NEW ORLEANS: OFFICE

Market Area: New Orleans, Metairie, Kennar, Westbank, and New Orleans East

1987 REVIEW

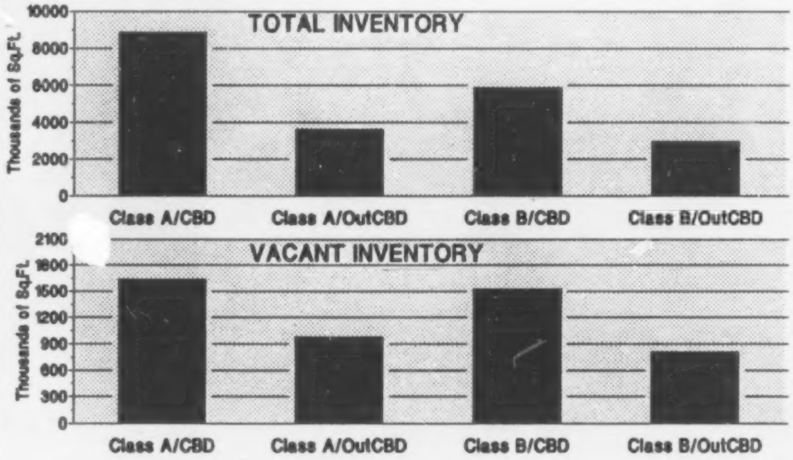
SIOR panelists in New Orleans report a gradual tightening of an office market softened by the oil slump of recent years. Absorption and rental rates have stabilized and, in some cases, are even rising. Concessions, which typically amount to 16 to 20 percent of gross rates, are decreasing.

There are still a number of aggressive landlords willing to make deals (from a tenant's perspective) but not with the intensity experienced in the recent past. Net absorption of Class A space in 1987 totalled 786,000 square feet. Construction plans have been stalled unless a major tenant commits to a new structure.

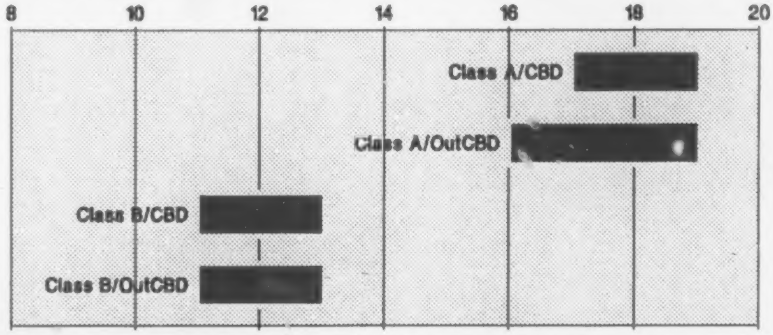
1988 FORECAST

The New Orleans office market will continue its recovery in 1988. Moderate increases in absorption will allow vacancies to fall off one to five percent. Rental rates will increase one to five percent and landlord concessions will decrease six to 10 percent. The key word for 1988 is "balance."

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Club Memberships

RENTAL RATE DISCOUNT FACTOR: *16-20%*

NEW YORK METROPOLITAN AREA

DEMOGRAPHICS

POPULATION
New York-Northern New Jersey-Long Island: 17,931,000
Bergen-Passaic, NJ: 1,301,000
Middlesex-Somerset-Hunterdon, NJ: 930,000
Nassau-Suffolk, NY: 2,645,000
New York, NY: 8,466,000
Newark, NJ: 1,882,000

POPULATION GROWTH RATE
New York-Northern New Jersey-Long Island: 0.4%
Bergen-Passaic, NJ: 0.1%
Middlesex-Somerset-Hunterdon, NJ: 0.9%
Nassau-Suffolk, NY: 0.3%
New York, NY: 0.4%
Newark, NJ: 0%

EMPLOYMENT GROWTH RATE
Bergen-Passaic, NJ: 2.1%
Middlesex-Somerset-Hunterdon, NJ: 4.0%
Nassau-Suffolk, NY: 3.1%
New York, NY: 0.8%
Newark, NJ: 2.0%

UNEMPLOYMENT RATE
Bergen-Passaic, NJ: 2.7%
Middlesex-Somerset-Hunterdon, NJ: 2.3%
Nassau-Suffolk, NY: 3.0%
New York, NY: 5.9%
Newark, NJ: 3.4%

PER CAPITA INCOME
Bergen-Passaic, NJ: $16,399
Middlesex-Somerset-Hunterdon, NJ: $15,628
Nassau-Suffolk, NY: $16,239
New York, NY: $13,946
Newark, NJ: $15,053

New York Office Markets

The New York-Northern New Jersey-Long Island consolidated metropolitan statistical area has a population of approximately 17.9 million. Over eight million people live in New York City alone. No other city has such a high concentration of banking and financial services, but nearly every industry maintains a presence in the New York area.

The limited supply and high cost of land has reinforced the movement of business and residence to more outlying areas in Northern New Jersey, Connecticut, and New York state. Manufacturing employment declined at an average annual rate of 2.2 percent between 1975 and 1985 as numerous firms relocated to areas with lower costs and warmer climates. The area's economic restructuring was accompanied by non-manufacturing employment growth over the same period. The financial and business services industries have experienced incredible growth, riding Wall Street's bull market since 1982.

The events of October 19, 1987 probably signaled the end to continuing employment growth from the financial sector of New York's economy. Despite the central role of New York's financial district in its overall economy, this market area is deep and wide. It's too early to forecast the demise of New York's popularity as a business address.

SIOR panelists have divided the New York area into five separate office markets to more accurately reflect the diversity of market characteristics. On the following pages are reports from five market areas in and around the New York Metropolitan Area. They are

New Jersey–Northern,
New York City,
New York City–Brooklyn/Queens,
New York–Nassau/Suffolk Counties,
and New York–White Plains and Westchester County.

NEW YORK CITY: OFFICE

Market Area: Manhattan

1987 REVIEW

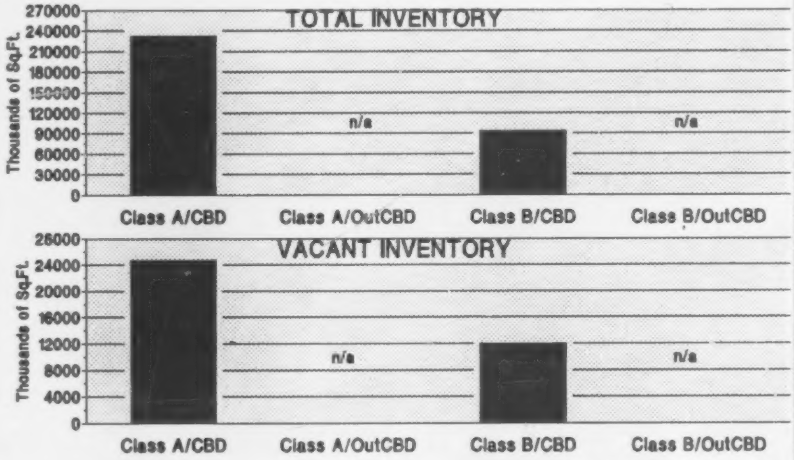
The Manhattan office market is said to be the most active office leasing market in the world. The inventory of Class A space totals a staggering 233 million square feet. Vacancy rates for Class A space were 10.6 percent at the end of 1987. Presently, 9,345,721 square feet are under construction.

Gross rental rates are some of the highest nationwide, at $30 to $60 per square foot for Class A space and $18 to $32 per square foot for Class B space. SIOR panelists state that landlord concessions had little effect, if any, on gross rental rates.

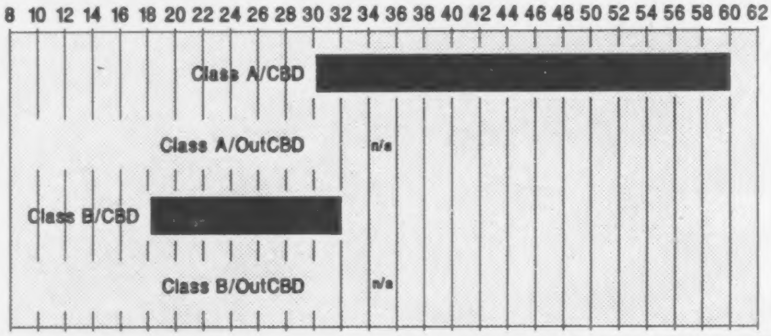
1988 FORECAST

SIOR panelists expect a decrease in absorption of six to 10 percent in 1988. Much has been written about the possible fallout from October's market crash. Very large blocks of space could be put on the market if financial services firms scale back their space requirements like some analysts have suggested. At this point, however, only a small change in market conditions is apparent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Some developers will negotiate for concessions including rental abatement, lease assumptions, and additional interior improvements to attract a major tenant for substantial space in new buildings.

RENTAL RATE DISCOUNT FACTOR: 0-5%

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 233,017,941 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 94,051,890 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 24,714,338 sq.ft.
Class A/OutCBD: 11,975,253 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 10.6%
Class A/OutCBD: n/a
Class B/CBD: 12.7%
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 6,840,345 sq.ft.
Class B: 1,508,727 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 9,345,721 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 0 sq.ft.
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $20-$25

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: n/a

AVERAGE UTILITY RATES

CBD: $3.00 per sq.ft.
OutCBD: n/a

OPERATING COST ESCALATION

n/a

MAJOR DEVELOPERS

Hines
Olympia & York
William Zeckendorf, Jr.
Silverstein
Rudin
Resnick
George Klein
Gladstone
Boston Properties
Macklowe
Eicher
Durst
Trump
Prudential

OUTLOOK

ABSORPTION: Down 6-10%
CONSTRUCTION: Down 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

NEW YORK CITY–BROOKLYN/QUEENS: OFFICE

Market Area: Brooklyn and Queens

1987 REVIEW

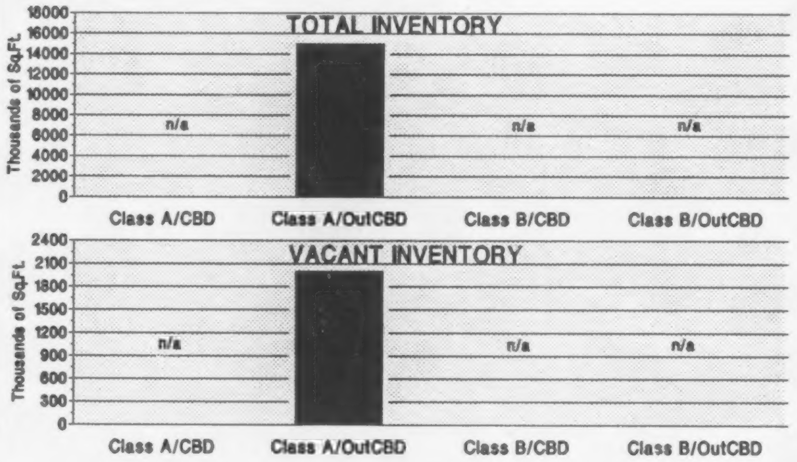
In 1987, the Brooklyn/Queens area had 15 million square feet of rentable office space. Another 1.5 million square feet is presently under construction. Net absorption in the office market during 1987 totalled 500,000 square feet.

There is a considerable amount of variance in gross rental rates for both Class A and Class B space. Class A rates range from $12 to $28 per square foot and Class B space ranged from $14 to $22 per square foot. Typical concessions in this market area include rental abatement, lease assumptions, moving allowance, additional interior improvements and signing bonuses

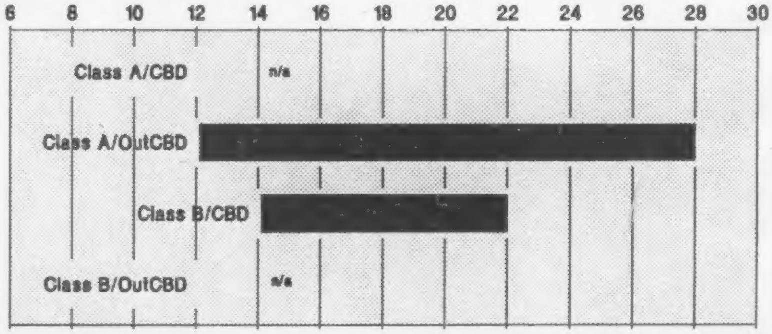
1988 FORECAST

SIOR panelists expect a stronger market in 1988. The uncertainty about New York's high concentration of financial services firms spills over to the Brooklyn/Queens market area. Vacancies are expected to increase six to 10 percent in 1988.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements
- Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 6-10%

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 15,000,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 2,000,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: 13.3%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 100,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 1,500,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: 500,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Approximate dollar value: $12-$20

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: n/a

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: $2.50 per sq.ft.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

- Edward Blumenfeld
- George Phohl
- Richard Zirinsky
- Gertz Associates
- Rose Associates
- George Klein

OUTLOOK

ABSORPTION: Down 6-10%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 11-15%

NEW YORK–NASSAU/SUFFOLK COUNTIES: OFFICE

Market Area: New York City Suburbs–Nassau and Suffolk Counties, and Long Island

1987 REVIEW

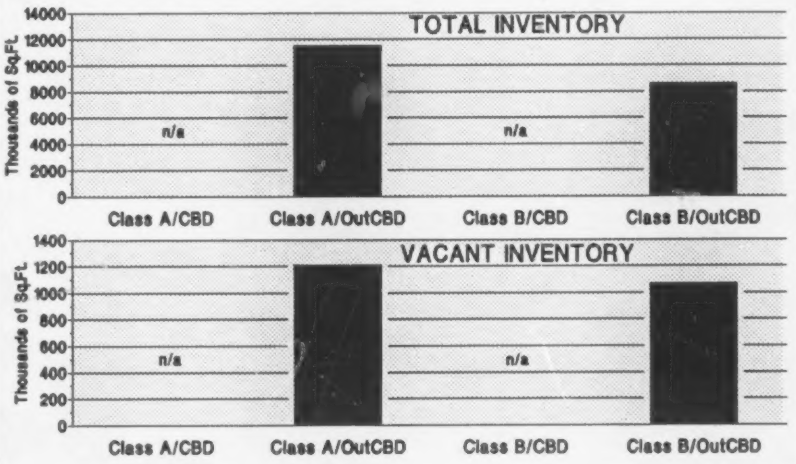
Nassau and Suffolk Counties have remained among the strongest office markets in the country. In 1987, vacancy rates ranged from 10.5 percent for Class A space to 12.5 percent for Class B space. Net absorption totalled 1,400,000 square feet. Currently, another 2,702,802 square feet are under construction.

Rental rates for Class A space ranged from $23 to $25 per square foot. Landlord concessions such as parking, rental abatement and additional interior improvements result in a rental rate discount factor of less than 10 percent.

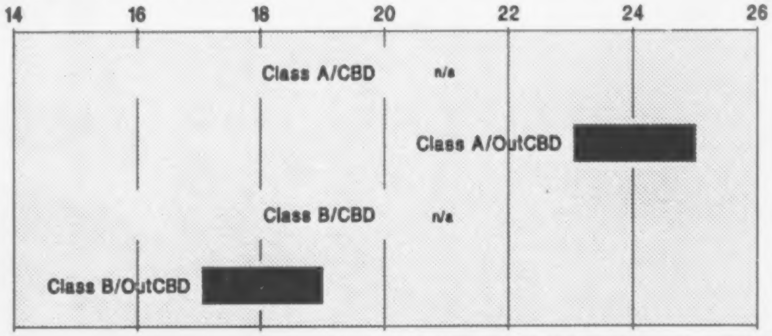
1988 FORECAST

SIOR panelists expect 1988 to be another strong year. Construction will be up six to 10 percent, temporarily boosting vacancies. Rental rates and landlord concessions are expected to increase one to five percent. Absorption will remain at 1987 levels.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Additional Interior Improvements
Interior Plans and Drawings

RENTAL RATE DISCOUNT FACTOR: 0-10%

MARKET DATA

TOTAL INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 11,520,833 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 8,582,494 sq.ft.

VACANT INVENTORY

Class A/CBD: n/a
Class A/OutCBD: 1,211,414 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 1,071,731 sq.ft.

VACANCY RATES

Class A/CBD: n/a
Class A/OutCBD: 10.5%
Class B/CBD: n/a
Class B/OutCBD: 12.5%

SUBLEASE INVENTORY

Class A & B: 324,647 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: 2,210,277 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: 492,525 sq.ft.

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: 1,400,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $15

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: $2.00 per sq.ft.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Reckson Associates
Gilbert Tilles Projects
DeMatteis Organization
Chasanoff Properties
WE'RE Associates
Feldman Properties

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 6-10%
VACANCIES: Up 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

NEW YORK–WHITE PLAINS AND WESTCHESTER COUNTY: OFFICE

Market Area: New York City Suburbs–White Plains and Westchester County

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 3,700,000 sq.ft.
Class A/OutCBD: 20,100,000 sq.ft.
Class B/CBD: 1,200,000 sq.ft.
Class B/OutCBD: 5,800,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 450,000 sq.ft.
Class A/OutCBD: 3,100,000 sq.ft.
Class B/CBD: 85,000 sq.ft.
Class B/OutCBD: 1,300,000 sq.ft.

VACANCY RATES

Class A/CBD: 12.2%
Class A/OutCBD: 15.4%
Class B/CBD: 7.0%
Class B/OutCBD: 22.4%

SUBLEASE INVENTORY

Class A: 120,000 sq.ft.
Class B: 45,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 30,000 sq.ft.

NET ABSORPTION

Class A/CBD: 400,000 sq.ft.
Class A/OutCBD: 400,000 sq.ft.
Class B/CBD: 60,000 sq.ft.
Class B/OutCBD: 140,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 1 per 700 sq.ft.
OutCBD: 1 per 285 sq.ft.

AVERAGE UTILITY RATES

CBD: $2.00 per sq.ft.
OutCBD: $2.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Robert Martin
Schulman Realty
Halpern Enterprises
London & Leeds

OUTLOOK

ABSORPTION: Down 6-10%
CONSTRUCTION: Same
VACANCIES: Up 6-10%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 6-10%

1987 REVIEW

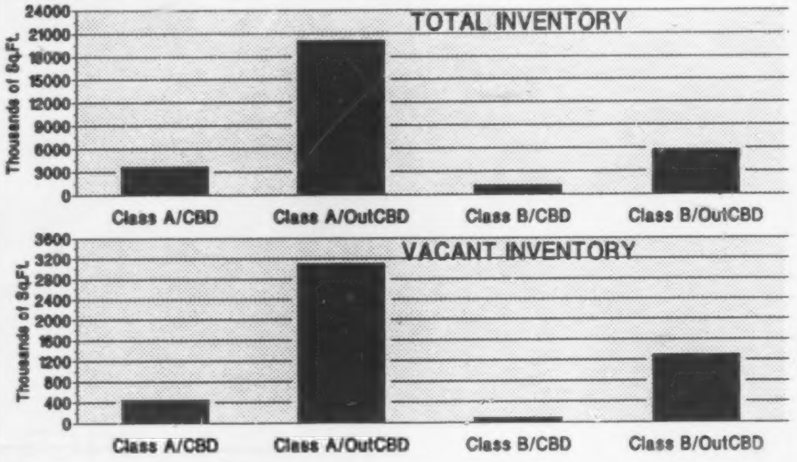
The White Plains/Westchester market has approximately 31 million square feet of office space. Class A vacancy rates ranged from 12.2 percent inside the CBD to 15.4 percent in areas outside the CBD. During the year one million square feet was absorbed. Presently, only 30,000 square feet are under construction.

Rental rates range from $14 to $19 per square foot for Class B space and $23 to $28 per square foot for Class A space. Landlord concessions include rental abatement, lease assumptions, moving allowances, and additional interior improvements.

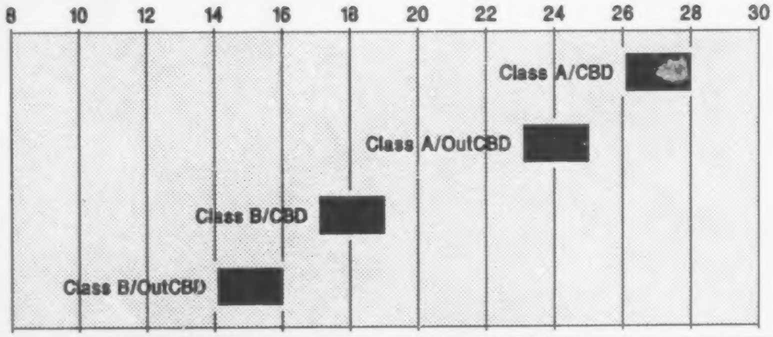
1988 FORECAST

SIOR panelists report that in 1988, the area's office market will depend on the strength of the New York City office market even more than in the past. Vacancies and landlord concessions will increase six to 10 percent. Absorption will decline six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

NORFOLK: OFFICE

MarketArea: Norfolk Metropolitan Area including Hampton Roads

1987 REVIEW

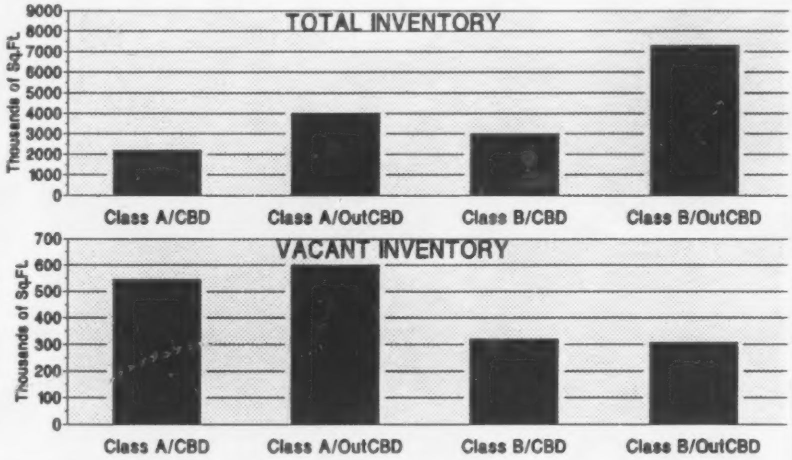
The Norfolk/Hampton Roads area has experienced significant growth in recent years. Defense firms and shipbuilding provide a strong economic base for the region.

Both downtown and suburban office markets are currently overbuilt but space is available at attractive rates. Several firms have recently relocated to the area. In 1987, absorption totalled 325,000 square feet. About 690,000 square feet of new space is currently under construction and will be available for occupancy within 12 months.

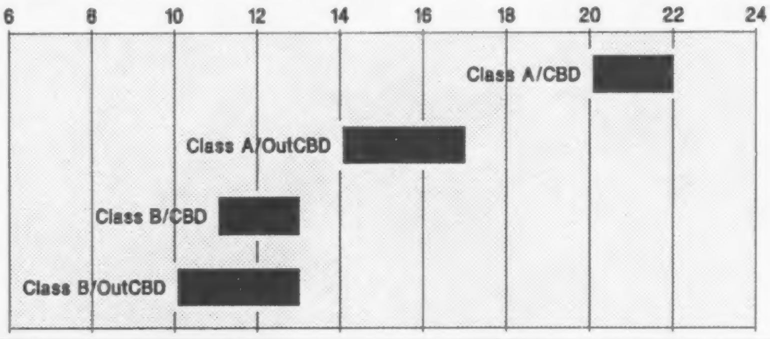
1988 FORECAST

SIOR panelists in the Norfolk/Hampton Roads market area expect absorption to increase 11 to 15 percent in 1988. However, even with no increase in the rate of new construction, the excess supply of space will force rental rates down, vacancies up, and landlord concessions up.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 1,289,000
POPULATION GROWTH RATE: 2.0%
EMPLOYMENT GROWTH RATE: 3.1%
UNEMPLOYMENT RATE: 4.0%
PER CAPITA INCOME: $11,262

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,200,000 sq.ft.
Class A/OutCBD: 4,000,000 sq.ft.
Class B/CBD: 3,000,000 sq.ft.
Class B/OutCBD: 7,300,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 546,000 sq.ft.
Class A/OutCBD: 600,000 sq.ft.
Class B/CBD: 320,000 sq.ft.
Class B/OutCBD: 307,000 sq.ft.

VACANCY RATES

Class A/CBD: 24.8%
Class A/OutCBD: 15%
Class B/CBD: 10.7%
Class B/OutCBD: 4.2%

SUBLEASE INVENTORY

Class A: 0 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 320,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 20,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

NET ABSORPTION

Class A/CBD: 80,000 sq.ft.
Class A/OutCBD: 175,000 sq.ft.
Class B/CBD: 20,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10-$14 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.50-$2.00 per sq.ft.
OutCBD: $1.00-$1.50 per sq.ft.

OPERATING COST ESCALATION

Base year or Stop ($4.50-$5.00)

MAJOR DEVELOPERS

Robinson, Wetmore & Ellis
Turner Harwood
Armada Hoffler
Rowe
Oxford

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Same
VACANCIES: Up 11-15%
RENTAL RATES: Down 11-15%
LANDLORD CONCESSIONS: Up 11-15%

DEMOGRAPHICS

POPULATION: 1,908,000
POPULATION GROWTH RATE: 1.1%
EMPLOYMENT GROWTH RATE: 2.7%
UNEMPLOYMENT RATE: 4.5%
PER CAPITA INCOME: $15,137

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 5,011,000 sq.ft.
Class A/OutCBD: 615,800 sq.ft.
Class B/CBD: 5,165,000 sq.ft.
Class B/OutCBD: 1,300,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 612,500 sq.ft.
Class A/OutCBD: 77,500 sq.ft.
Class B/CBD: 1,275,400 sq.ft.
Class B/OutCBD: 292,000 sq.ft.

VACANCY RATES

Class A/CBD: 12.2%
Class A/OutCBD: 12.6%
Class B/CBD: 24.7%
Class B/OutCBD: 22.5%

SUBLEASE INVENTORY

Class A: 71,900 sq.ft.
Class B: 30,800 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: 225,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 315,000 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $15-$25

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 300 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.38 per sq.ft.
OutCBD: $1.38 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year or Stop: $7.00-$8.00

MAJOR DEVELOPERS

Hines
Bramalea
JMB
Cadillac Fairview
Transpacific Devco
Goldsmith-Lathrop
Pankow Devco

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Down 11-15%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

OAKLAND: OFFICE

Market Area: Oakland Metropolitan Area including the Airport Business Park

1987 REVIEW

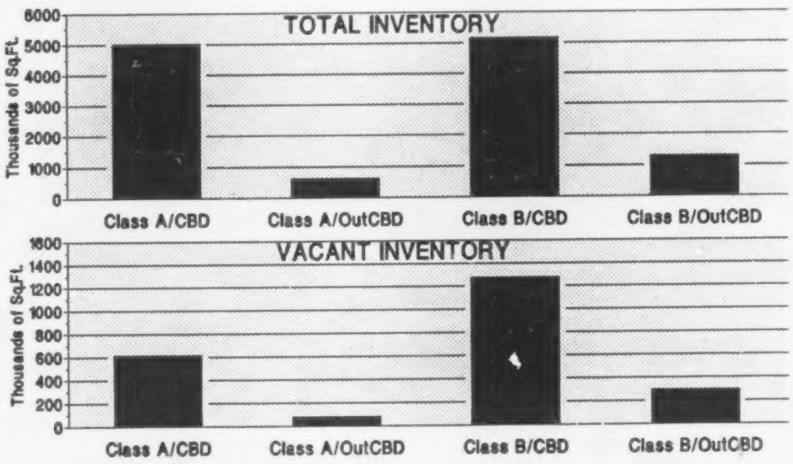
In recent years, employment growth in Oakland has outpaced population growth. As San Francisco has become an increasingly expensive business location, many firms, especially business services firms, have relocated to Oakland.

Eighty-five percent of Oakland's office inventory is located in the CBD. Vacancy rates for Class A space range from 12.2 percent in the CBD to 12.6 percent in outlying areas. There is presently no Class A construction in the market area.

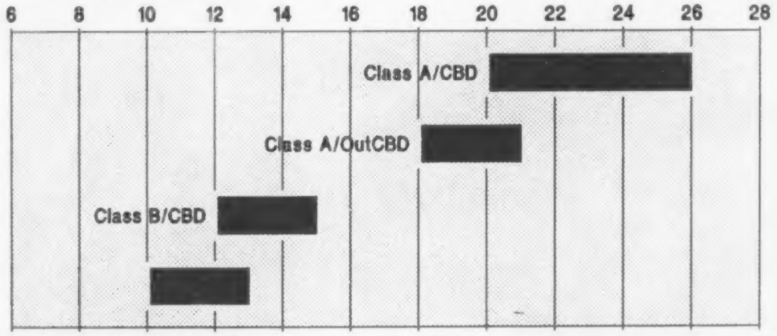
1988 FORECAST

SIOR panelists in Oakland expect fairly stable market activity in 1988. Steady absorption along with very little construction will force vacancies to decline by 11 to 15 percent. As the supply of space declines, so will the cummulative effect of concessions on gross rental rates.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Club Memberships

RENTAL RATE DISCOUNT FACTOR: 11-15%

OKLAHOMA CITY: OFFICE

Market Area: Oklahoma City Metropolitan Area

1987 REVIEW

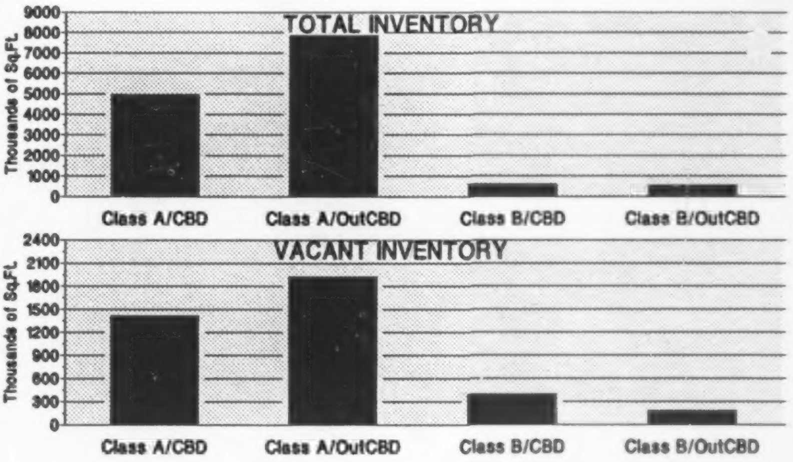
Oklahoma City has over 14 million square feet of office space. While vacancy rates for Class B properties are very high, most of Oklahoma City's office inventory is Class A space which is 24 to 29 percent vacant.

Leasing activity was slow during 1987 with a negligible level of net absorption. High vacancy rates have encouraged concessions. The cummulative effect of concessions on gross rental rates is estimated to be between six and 10 percent.

1988 FORECAST

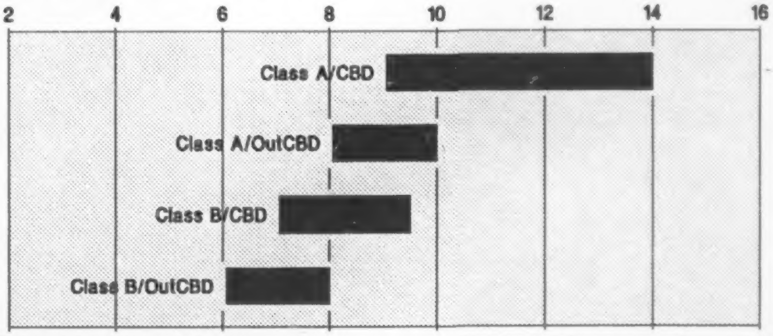
Market conditions will remain stable during 1988 as the city recovers from excessive overbuilding early in the eighties coupled with a slow economy resulting from low oil prices. A slight increase in absorption is anticipated which will take some of the pressure off the need for concessions. These factors taken together spell some relief for the owners who have been working very close to the margin.

INVENTORY PROFILE



OFFICE RENTAL RATES

(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 976,000
POPULATION GROWTH RATE: 2.4%
EMPLOYMENT GROWTH RATE: 3.3%
UNEMPLOYMENT RATE: 5.2%
PER CAPITA INCOME: $12,212

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 4,950,128 sq.ft.
Class A/OutCBD: 7,865,430 sq.ft.
Class B/CBD: 610,431 sq.ft.
Class B/OutCBD: 561,127 sq.ft.

VACANT INVENTORY

Class A/CBD: 1,420,915 sq.ft.
Class A/OutCBD: 1,921,475 sq.ft.
Class B/CBD: 398,211 sq.ft.
Class B/OutCBD: 179,642 sq.ft.

VACANCY RATES

Class A/CBD: 28.7%
Class A/OutCBD: 24.4%
Class B/CBD: 65.2%
Class B/OutCBD: 32.0%

SUBLEASE INVENTORY

Class A: 24,272 sq.ft.
Class B: 37,064 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 170,000 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.40 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Hines
Trammel Crow

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

DEMOGRAPHICS

POPULATION: 612,000
POPULATION GROWTH RATE: 0.8%
EMPLOYMENT GROWTH RATE: 2.0%
UNEMPLOYMENT RATE: 4.9%
PER CAPITA INCOME: $12,169

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,498,506 sq.ft.
Class A/OutCBD: 1,954,875 sq.ft.
Class B/CBD: 731,651 sq.ft.
Class B/OutCBD: 2,468,141 sq.ft.

VACANT INVENTORY

Class A/CBD: 105,548 sq.ft.
Class A/OutCBD: 454,707 sq.ft.
Class B/CBD: 212,110 sq.ft.
Class B/OutCBD: 428,867 sq.ft.

VACANCY RATES

Class A/CBD: 7.0%
Class A/OutCBD: 23.3%
Class B/CBD: 29.0%
Class B/OutCBD: 17.4%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 85,000 sq.ft.
Class A/OutCBD: 151,000 sq.ft.
Class B/CBD: 15,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 135,000 sq.ft.
Class A/OutCBD: 290,000 sq.ft.
Class B/CBD: 25,000 sq.ft.
Class B/OutCBD: 100,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 5000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.15-$1.20 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: $3.50-$3.75 per sq.ft. on new construction, $4.25-$4.50 on second generation space

MAJOR DEVELOPERS

KV International

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 1-5%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 6-10%

OMAHA: OFFICE

Market Area: Omaha, Ralston, Bellevue and Millard

1987 REVIEW

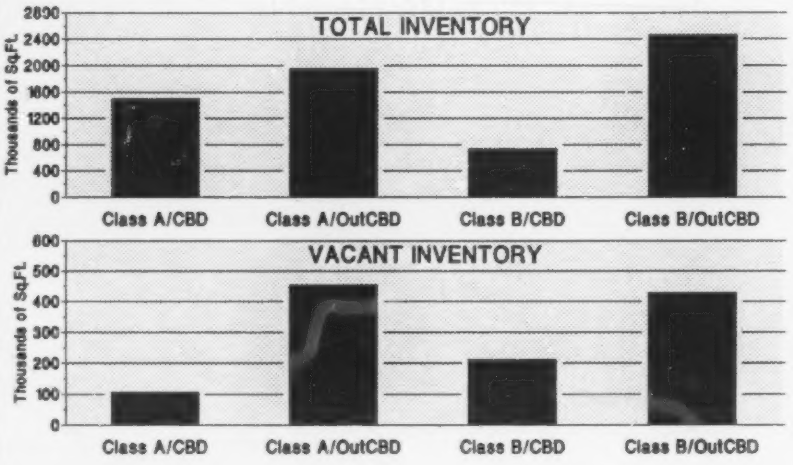
The Omaha office market currently has over 6.5 million square feet of office space. Absorption in 1987 totalled 550,000 square feet. Office leasing in new buildings has been strong due to landlord concessions. Class B building vacancy rates have increased as tenants move up to newer space. Rental rates have been stable except for reduction on renewals in lower class buildings.

New construction is down in relationship to a large build-up two years ago. Approximately 251,000 square feet of space is presently under construction and will be available for occupancy within 12 months.

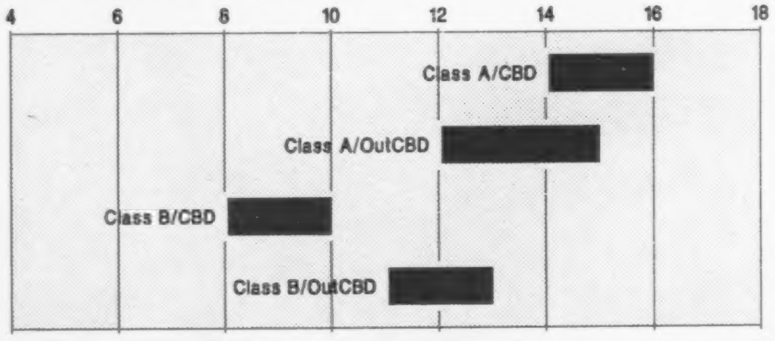
1988 FORECAST

SIOR panelists in Omaha expect 1988 to be a good year due to an improved overall economy. Construction will increase by one to five percent. Rental rates will edge up one to five percent, but concessions will increase even more -- six to 10 percent. Absorption and vacancies will remain at 1987 levels.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements
- Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 6-10%

ORLANDO: OFFICE

Market Area: Orlando Metropolitan Area

1987 REVIEW

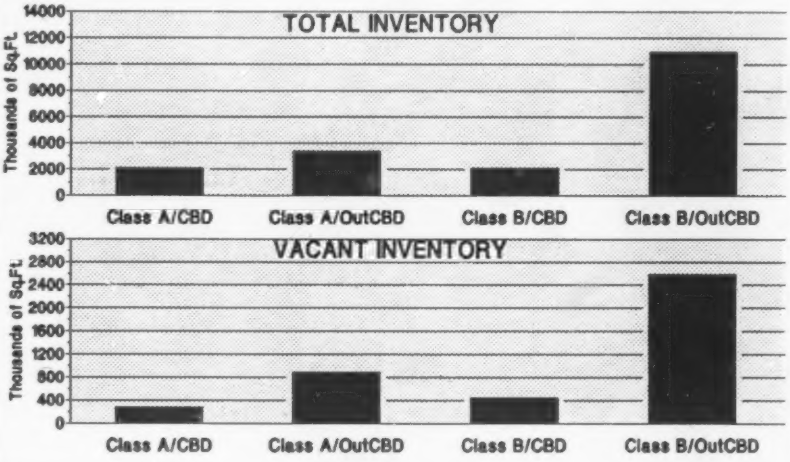
After a slow leasing market in 1986 and early 1987, demand rebounded and finished strong in 1987. Orlando's growing population and employment base are reflective of new companies moving into the area and local companies expanding their operations.

Generous rent concessions induced many firms to expand. As a result, net asorption of office space averaged about 125,000 square feet per month during the second, third, and fourth quarters.

1988 FORECAST

SIOR panelists in Orlando expect absorption to increase by one to five percent in 1988. Overall vacancy rates will be about 20 percent, a decrease of one to five percent from 1987 levels. Construction will mushroom by 300 percent as several large projects are already underway.

INVENTORY PROFILE



Rental Rate Information Is Currently Not Available

TYPICAL CONCESSIONS:

- Parking
- Rental Abatement
- Lease Assumptions
- Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 866,000
POPULATION GROWTH RATE: 4.1%
EMPLOYMENT GROWTH RATE: 6.1%
UNEMPLOYMENT RATE: 4.3%
PER CAPITA INCOME: $11,614

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,101,200 sq.ft.
Class A/OutCBD: 3,365,700 sq.ft.
Class B/CBD: 2,095,500 sq.ft.
Class B/OutCBD: 10,956,300 sq.ft.

VACANT INVENTORY

Class A/CBD: 272,900 sq.ft.
Class A/OutCBD: 885,300 sq.ft.
Class B/CBD: 453,000 sq.ft.
Class B/OutCBD: 2,587,900 sq.ft.

VACANCY RATES

Class A/CBD: 13.0%
Class A/OutCBD: 26.3%
Class B/CBD: 21.6%
Class B/OutCBD: 23.6%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 1,600,000 sq.ft.
Class A/OutCBD: 320,000 sq.ft.
Class B/CBD: 54,000 sq.ft.
Class B/OutCBD: 2,115,000 sq.ft.

NET ABSORPTION

Class A/CBD: 270,000 sq.ft.
Class A/OutCBD: 260,000 sq.ft.
Class B/CBD: 40,000 sq.ft.
Class B/OutCBD: 710,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot or quantity of materials. Approximate dollar value: $20

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD and OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year or Stop: Varies--generally $4.50-$5.00 CBD; $3.50- $4.25 Suburban

MAJOR DEVELOPERS

Vantage	Oxford
Trammel Crow	Paragon
Olympia & York	Lincoln
Landmarks Group	
Cabot, Cabot & Forbes	

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 300%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 6-10%

DEMOGRAPHICS

POPULATION: 4,784,000
POPULATION GROWTH RATE: 0.3%
EMPLOYMENT GROWTH RATE: 1.0%
UNEMPLOYMENT RATE: 4.1%
PER CAPITA INCOME: $12,715

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 19,694,763 sq.ft.
Class A/OutCBD: 26,109,724 sq.ft.
Class B/CBD: 7,368,787 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 2,526,033 sq.ft.
Class A/OutCBD: 5,428,015 sq.ft.
Class B/CBD: 725,632 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 12.8%
Class A/OutCBD: 20.8%
Class B/CBD: 9.8%
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 573,831 sq.ft.
Class B: 20,900 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 3,915,000 sq.ft.
Class A/OutCBD: 1,991,859 sq.ft.
Class B/CBD: 910,000 sq.ft.
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 2,280,475 sq.ft.
Class A/OutCBD: 4,492,899 sq.ft.
Class B/CBD: 746,402 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $16 per sq.ft.

TYPICAL PARKING RATIO

CBD: 1 per 5000 sq.ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.00 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Stop: CBD--$4.25, operational; $2.25 taxes

MAJOR DEVELOPERS

Richard L. Rubin Company
Acorn Development
Radnor Corporate Center
Linpro
Trammel Crow
Lincoln

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

PHILADELPHIA: OFFICE

Market Area: Philadelphia Metropolitan Area including Eastern Pennsylvania and Southern New Jersey

1987 REVIEW

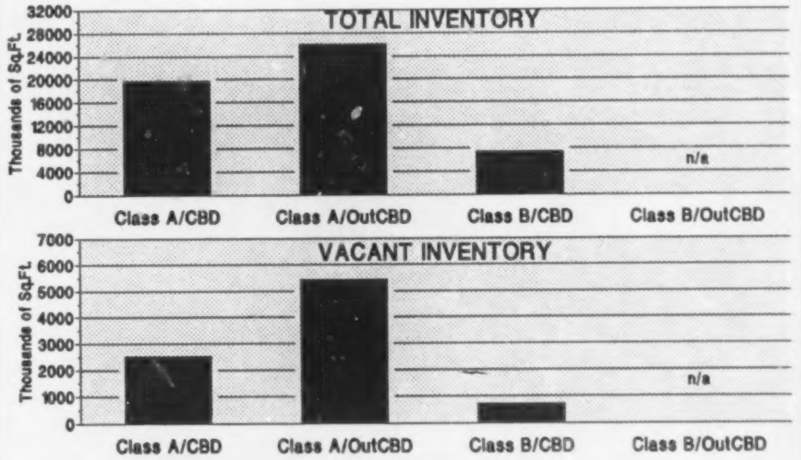
The Philadelphia office market has gone through a significant change in recent years. A new generation of office buildings have been built and several major downtown developments are underway. Nearly six million square feet of Class A space is presently under construction.

SIOR panelists report that leasing activity is strong. More than 6.7 million square feet of Class A space was absorbed in 1987. Vacancy rates range from 12.8 percent for Class A space in the CBD to 20.8 percent in suburban areas.

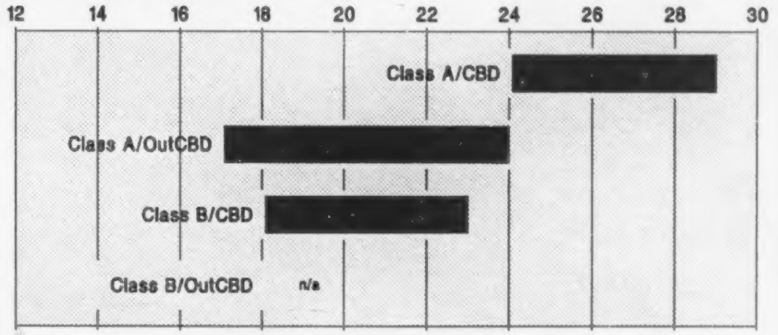
1988 FORECAST

SIOR panelists are very optimistic that the current expansionary trend will continue in 1988. Absorption will not match 1987's levels, but still will amount to a substantial amount of space. There will be marginal increases in rental rates accompanied by slight increases in concessions. Vacancies will be up one to five percent due to the high level of new construction.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 2,143,000
POPULATION GROWTH RATE: .7%
EMPLOYMENT GROWTH RATE: 0%
UNEMPLOYMENT RATE: 6.4%
PER CAPITA INCOME: $11,730

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 13,306,615 sq.ft.
Class A/OutCBD: 5,688,327 sq.ft.
Class B/CBD: 8,075,489 sq.ft.
Class B/OutCBD: 5,304,270 sq.ft.

VACANT INVENTORY

Class A/CBD: 2,306,937 sq.ft.
Class A/OutCBD: 840,250 sq.ft.
Class B/CBD: 1,330,631 sq.ft.
Class B/OutCBD: 699,369 sq.ft.

VACANCY RATES

Class A/CBD: 17.3%
Class A/OutCBD: 14.8%
Class B/CBD: 16.5%
Class B/OutCBD: 13.2%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 1,319,860 sq.ft.
Class A/OutCBD: 968,577 sq.ft.
Class B/CBD: 246,000 sq.ft.
Class B/OutCBD: 85,190 sq.ft.

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: n/a

TYPICAL PARKING RATIO

CBD: None
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES

CBD: $2.00-$2.35 per sq.ft.
OutCBD: $1.75-$2.10 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Lincoln
Oxford

OUTLOOK

ABSORPTION: n/a
CONSTRUCTION: n/a
VACANCIES: n/a
RENTAL RATES: n/a
LANDLORD CONCESSIONS: n/a

PITTSBURGH: OFFICE

Market Area: Pittsburgh Metropolitan Area including Allegheny County

1987 REVIEW

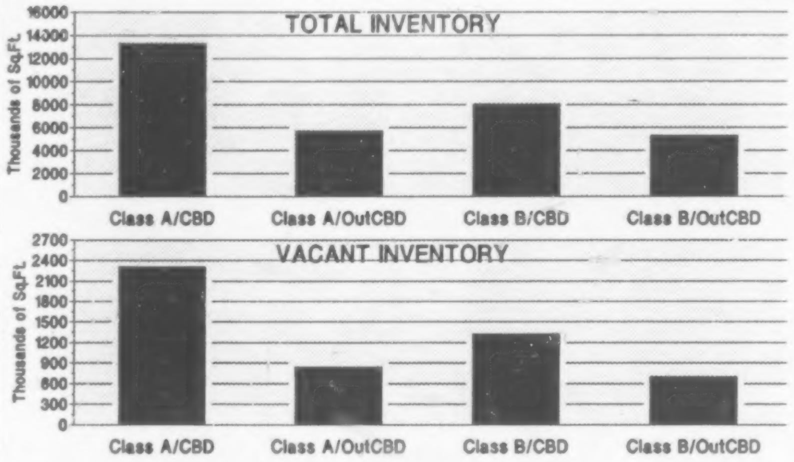
Pittsburgh has more corporate headquarters than all but two U.S. cities. Also, over 166 multinational corporations have offices in Pittsburgh. Pittsburgh is served by a first-rate international airport and a highly developed ground transportation network.

Pittsburgh's office inventory totals over 32 million square feet. Class A vacancies range from 14.8 percent in areas outside the CBD to 17.3 percent in the CBD. Gross rental rates are comparatively low for a city this size. Additionally, landlord concessions typically result in a rental rate discount factor of between 16 and 20 percent.

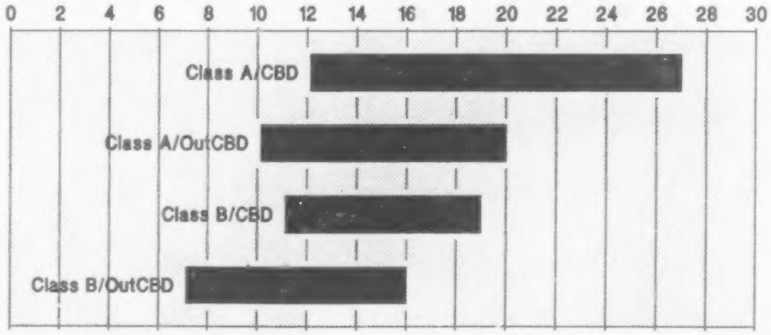
1988 FORECAST

Based on market activity during the close of 1987, SIOR panelists in Pittsburgh report stable occupancy levels in the CBD despite a significant amount of new construction. Competitive pressures are forcing generous concessions, but effective rental rates are projected to increase for CBD and suburban buildings.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Signing Bonuses
Tenant Space Planning

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 1,147,000
POPULATION GROWTH RATE: 0.7%
EMPLOYMENT GROWTH RATE: 2.4%
UNEMPLOYMENT RATE: 4.8%
PER CAPITA INCOME: $12,253

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 7,060,586 sq.ft.
Class A/OutCBD: 2,422,607 sq.ft.
Class B/CBD: 6,057,091 sq.ft.
Class B/OutCBD: 3,450,644 sq.ft.

VACANT INVENTORY

Class A/CBD: 1,052,271 sq.ft.
Class A/OutCBD: 577,600 sq.ft.
Class B/CBD: 1,543,819 sq.ft.
Class B/OutCBD: 620,122 sq.ft.

VACANCY RATES

Class A/CBD: 14.9%
Class A/OutCBD: 23.8%
Class B/CBD: 25.5%
Class B/OutCBD: 18.0%

SUBLEASE INVENTORY

Class A: 10,000 sq.ft.
Class B: 20,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 383,000 sq.ft.
Class B/CBD: 0
Class B/OutCBD: 30,000 sq.ft.

NET ABSORPTION

Class A/CBD: 400,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 100,000 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $2.00 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Prendergast & Associates
Trammel Crow
Oxford
Olympia & York

OUTLOOK

ABSORPTION: n/a
CONSTRUCTION: Up 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

PORTLAND, OR: OFFICE

Market Area: Portland Metropolitan Area

1987 REVIEW

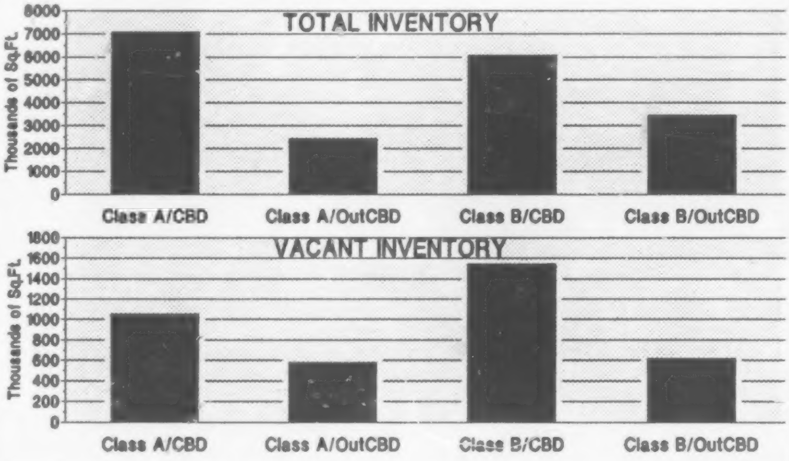
Portland has approximately 19 million square feet of office space. Over 13 million square feet is located in the city's CBD. Vacancy rates are declining and currently range from 14.9 percent of Class A space in the CBD to 25.5 percent for Class B space in the CBD.

Absorption in 1987 totalled 800,000 square feet which is nearly double the market areas new construction activity. Following a familiar pattern, most absorption in 1987 consisted of Class A space.

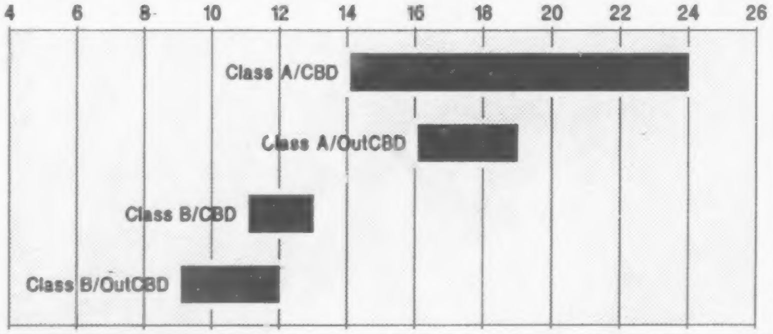
1988 FORECAST

SIOR panelists in Portland expect 1988 to be an impressive year for the area's office market. Construction will increase six to 10 percent. Rental rates will increase one to five percent as vacancies decline. The region's economy is rebounding strongly and there is interest from domestic and foreign firms who do not currently have operations in the area.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Club Memberships

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 377,000
POPULATION GROWTH RATE: -0.4%
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 7.0%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: 144,000 sq.ft.
Class B/OutCBD: 229,000 sq.ft.

VACANT INVENTORY
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: 59,000 sq.ft.
Class B/OutCBD: 76,524 sq.ft.

VACANCY RATES
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: 41.0%
Class B/OutCBD: 33.4%

SUBLEASE INVENTORY
Class A: n/a
Class B: 0 sq.ft.

CURRENT CONSTRUCTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: 9,000 sq.ft.
Class B/OutCBD: -10,700 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq. ft.

AVERAGE UTILITY RATES
CBD: $1.35 per sq.ft.
OutCBD: $1.35 per sq.ft.

OPERATING COST ESCALATION
Base year

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

QUAD CITIES: OFFICE

Market Area: Davenport, Bettendorf, Iowa; Rock Island, Moline, and East Moline, Illinois

1987 REVIEW

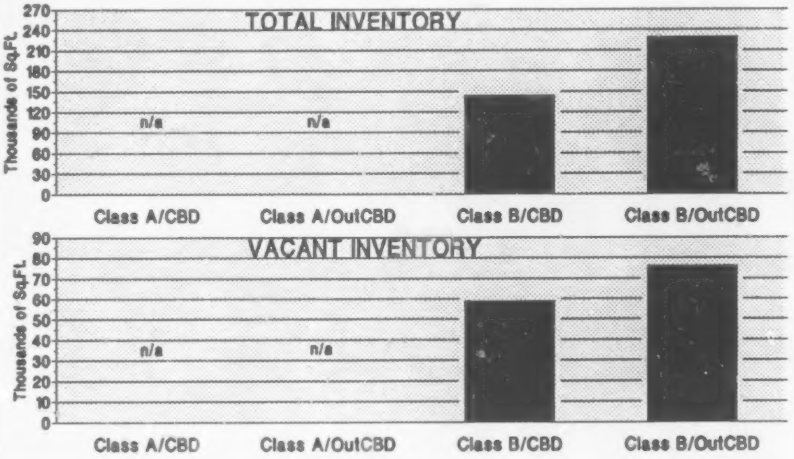
The Quad Cities economy is primarily dependent on heavy equipment manufacturing. The area's office market is aligned with the space requirements of the firms who support this industry. The office market has been soft for over two years but SIOR panelists in the area report that they are beginning to finally see positive absorption again.

The office inventory is comparatively small with approximately 375,000 square feet of space -- all Class B. There is presently no construction activity. Absorption for all of 1987 was a negative 1,700 feet. Rental rates reflect the availability of space with quoted gross rental rates in the range of $8 to $13 per square foot.

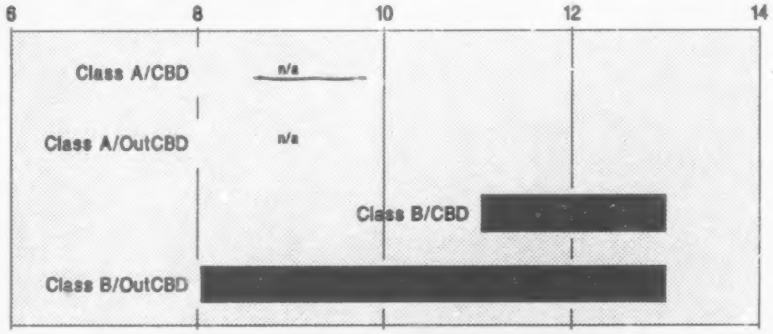
1988 FORECAST

Absorption will become positive in 1988. With no new construction, vacancies will finally decline by one to five percent. Rental rates will be stable with slight increases in landlord concessions.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

RALEIGH: OFFICE

Market Area: Raleigh Metropolitan Area including Wake County

1987 REVIEW

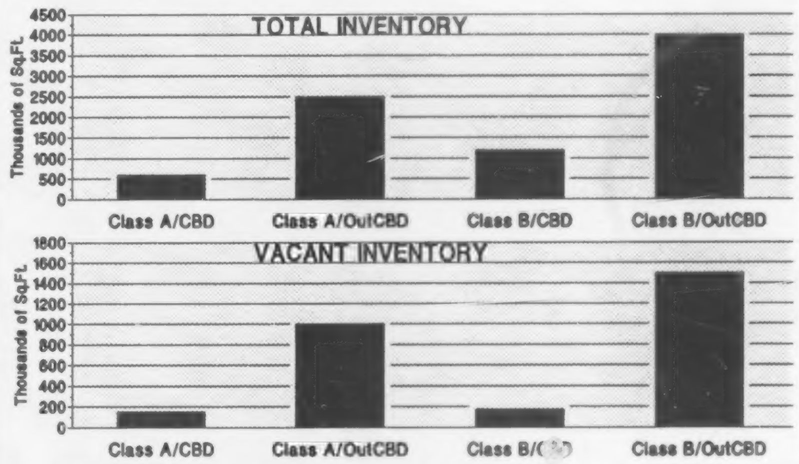
Raleigh's economy is broad-based with a small manufacturing sector, government services, a major university, and several high-tech firms. Unemployment is low and the area has become a haven for start-up companies. SIOR panelists in Raleigh report that the real estate market is good, but "grossly over-built" due to substantial construction activity that continues into 1988.

Over three quarters of the total office inventory is located in areas outside the CBD were vacancies are very high - 40 percent for Class A space and 37.5 percent for Class B space. Net absorption for the year totalled 950,000 square feet.

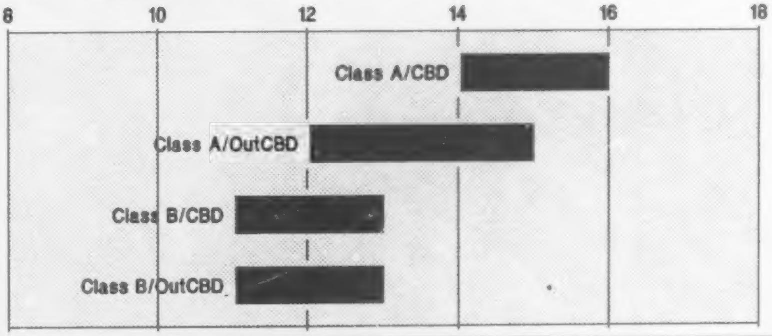
1988 FORECAST

Absorption will increase six to 10 percent in 1988 and construction will decline six to 10 percent in response to an excess supply of office space in the market area. Rental rates are going to be off six to 10 percent, but concessions will remain unchanged.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements
- Signing Bonuses
- Club Memberships

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 632,000
POPULATION GROWTH RATE: 2.3%
EMPLOYMENT GROWTH RATE: 5.2%
UNEMPLOYMENT RATE: 3.0%
PER CAPITA INCOME: $12,210

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 600,000 sq.ft.
Class A/OutCBD: 2,500,000 sq.ft.
Class B/CBD: 1,200,000 sq.ft.
Class B/OutCBD: 4,000,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: 1,000,000 sq.ft.
Class B/CBD: 175,000 sq.ft.
Class B/OutCBD: 1,500,000 sq.ft.

VACANCY RATES

Class A/CBD: 25.0%
Class A/OutCBD: 40.0%
Class B/CBD: 14.6%
Class B/OutCBD: 37.5%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0
Class A/OutCBD: 1,100,000 sq.ft.
Class B/CBD: 0
Class B/OutCBD: 0

NET ABSORPTION

Class A/CBD: 100,000 sq.ft.
Class A/OutCBD: 600,000 sq.ft.
Class B/CBD: 50,000 sq.ft.
Class B/OutCBD: 200,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year or Stop ($3.50-$4.00 Typical - Usable)

MAJOR DEVELOPERS

Vantage
Highwoods Properties Co.

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Down 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Down 6-10%
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 106,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.5%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 450,000 sq.ft.
Class A/OutCBD: 500,000 sq.ft.
Class B/CBD: 700,000 sq.ft.
Class B/OutCBD: 900,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 55,000 sq.ft.
Class A/OutCBD: 70,000 sq.ft.
Class B/CBD: 45,000 sq.ft.
Class B/OutCBD: 30,000 sq.ft.

VACANCY RATES

Class A/CBD: 12.2%
Class A/OutCBD: 14.0%
Class B/CBD: 6.4%
Class B/OutCBD: 3.3%

SUBLEASE INVENTORY

Class A: 40,000 sq.ft.
Class B: 10,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: 105,000 sq.ft.
Class B/CBD: 0
Class B/OutCBD: 20,000 sq.ft.

NET ABSORPTION

Class A/CBD: 18,000 sq.ft.
Class A/OutCBD: 28,000 sq.ft.
Class B/CBD: 30,000 sq.ft.
Class B/OutCBD: 12,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 3 per 1000 sq.ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.32 per sq.ft.
OutCBD: $1.32 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Trammel Crow
Lincoln

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Up 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Up 1-5%

RENO: OFFICE

Market Area: Reno Metropolitan Area

1987 REVIEW

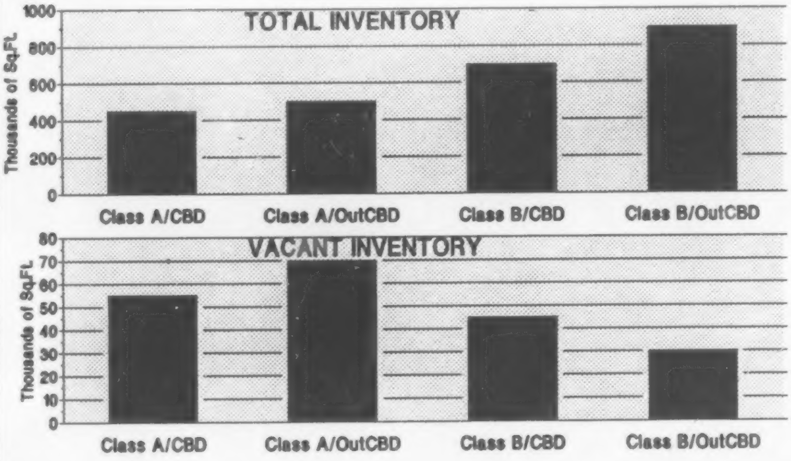
Reno has over 2.5 million square feet of office space. Less than one-half of the total inventory is Class A. SIOR panelists in Reno report that demand is strong for Class A space both inside and outside the CBD. The middle market, however, is suffering increasing vacancies and declining rental rates.

Net absorption in 1987 totalled 89,000 square feet. Approximately 275,000 square feet of space is presently under construction.

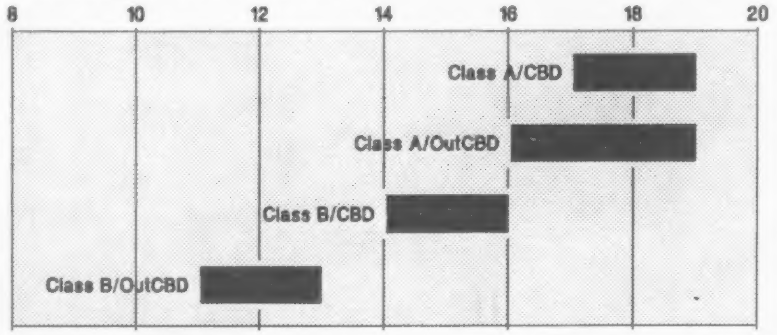
1988 FORECAST

SIOR panelists expect absorption to increase one to five percent in 1988. Construction will also increase, however, causing overall vacancies to increase six to 10 percent. Rental rates will edge up slightly but a more competitive environment will force higher concessions.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

RICHMOND: OFFICE

Market Area: Richmond Metropolitan Area

1987 REVIEW

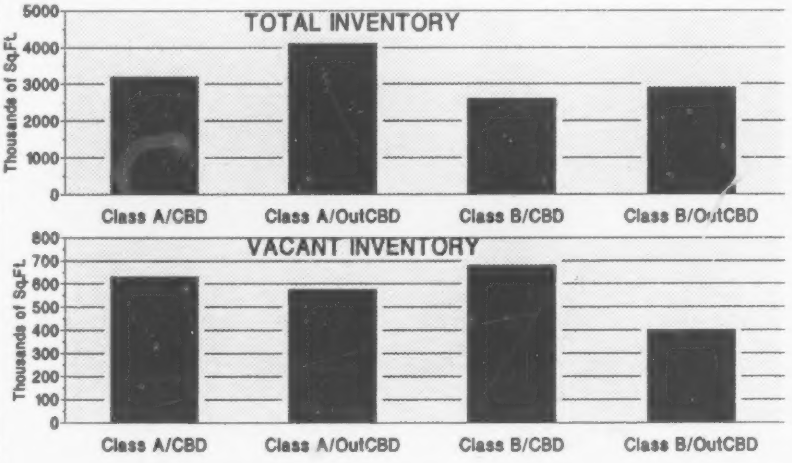
The Richmond market area has approximately 12.8 million square feet of office space. Class A vacancies ranged from 14 percent outside the CBD to 19.7 percent in the CBD. In 1987, CBD absorption totalled 310,000 square feet. Suburban absorption totalled 575,000 square feet. Currently, 1,097,000 square feet are under construction.

Office leasing was strong in 1987, primarily as a result of local expansion. Gross rental rates ranged from $15 to $22 per square feet for Class A space and $11 to $18 per square feet for Class B space. Landlord concessions have little effect on gross rental rates.

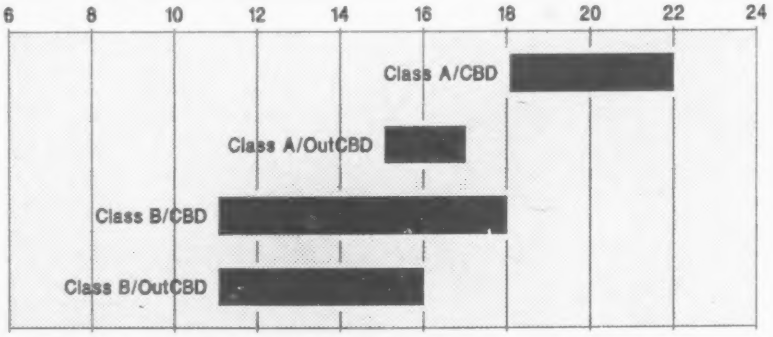
1988 FORECAST

SIOR panelists expect strong office market conditions in 1988. Richmond will experience a one to five percent increase in absorption. However, new construction activity will affect gains in absorption such that vacancies will remain unchanged overall.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: 801,000
POPULATION GROWTH RATE: 1.0%
EMPLOYMENT GROWTH RATE: 2.4%
UNEMPLOYMENT RATE: 3.4%
PER CAPITA INCOME: $13,027

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 3,200,000 sq.ft.
Class A/OutCBD: 4,100,000 sq.ft.
Class B/CBD: 2,600,000 sq.ft.
Class B/OutCBD: 2,900,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 630,000 sq.ft.
Class A/OutCBD: 575,000 sq.ft.
Class B/CBD: 680,000 sq.ft.
Class B/OutCBD: 400,000 sq.ft.

VACANCY RATES

Class A/CBD: 19.7%
Class A/OutCBD: 14.0%
Class B/CBD: 26.2%
Class B/OutCBD: 13.8%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 467,000 sq.ft.
Class A/OutCBD: 600,000 sq.ft.
Class B/CBD: 30,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 270,000 sq.ft.
Class A/OutCBD: 475,000 sq.ft.
Class B/CBD: 40,000 sq.ft.
Class B/OutCBD: 100,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $8

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Trammel Crow
Faison & Associates
Laveer Partners
Rowe Development

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 245,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 3.6%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,000,000 sq.ft.
Class A/OutCBD: 300,000 sq.ft.
Class B/CBD: 700,000 sq.ft.
Class B/OutCBD: 700,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 25,000 sq.ft.
Class A/OutCBD: 35,000 sq.ft.
Class B/CBD: 15,000 sq.ft.
Class B/OutCBD: 50,000 sq.ft.

VACANCY RATES

Class A/CBD: 2.5%
Class A/OutCBD: 11.7%
Class B/CBD: 2.5%
Class B/OutCBD: 7.1%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 120,000 sq.ft.
Class A/OutCBD: 30,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 55,000 sq.ft.
Class A/OutCBD: 40,000 sq.ft.
Class B/CBD: 15,000 sq.ft.
Class B/OutCBD: 25,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 0
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.45 per sq.ft.
OutCBD: $1.30 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year or Stop

MAJOR DEVELOPERS

Hines

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

ROANOKE: OFFICE

Market Area: Roanoke Valley and Roanoke Metropolitan Area

1987 REVIEW

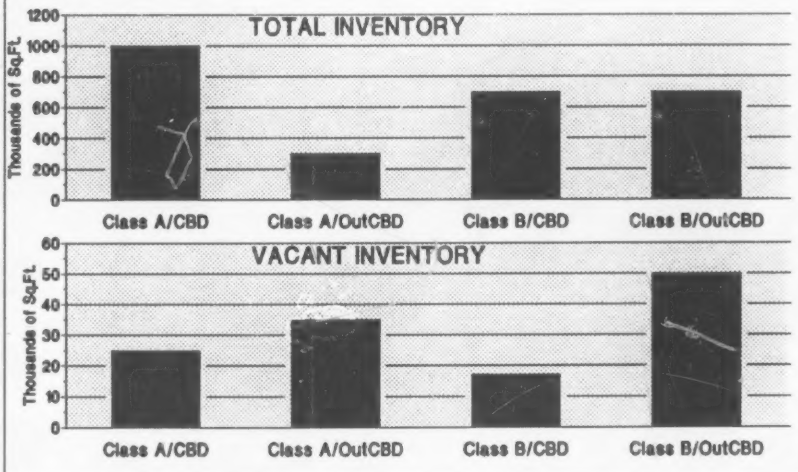
Roanoke has a relatively small office market, but one that is admirably stable and balanced. Class A vacancies are only 2.5 percent in the central business district and 11.7 percent in suburban areas. Class A rental rates are in the range of $12 to $15 per square foot and concessions have no significant affect on gross rates.

Absorption and construction were in reasonable balance during 1987. Absorption totalled 135,000 square feet. About 150,000 square feet is presently under construction.

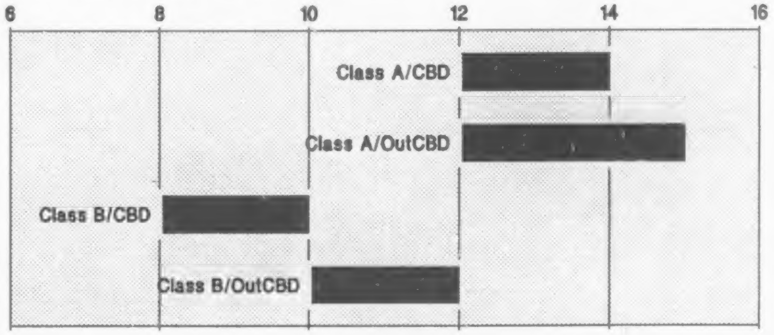
1988 FORECAST

SIOR panelists expect generally stable market conditions for 1988. Construction and absorption will remain at 1987 levels. Rental rates will edge up one to five percent and vacancies will decline slightly.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

SAN ANTONIO: OFFICE

Market Area: San Antonio Metropolitan Area

1987 REVIEW

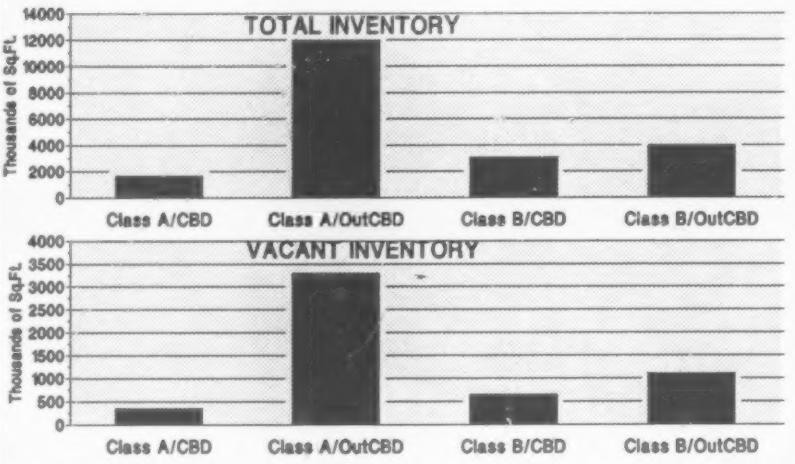
San Antonio has been struggling, like many cities in Texas, with a depressed regional economy. Growth early in the decade was very rapid. Average annual employment growth between 1975 and 1985 was a remarkable 4.4 percent.

The office market is mired in overcapacity. Vacancy rates range from 21.2 percent for Class A space in the CBD to 27.5 percent for Class A or B in suburban areas. Net absorption in 1987 was negative and construction has come to a halt. Most deals are being made at below cost and most tenant moves are lateral.

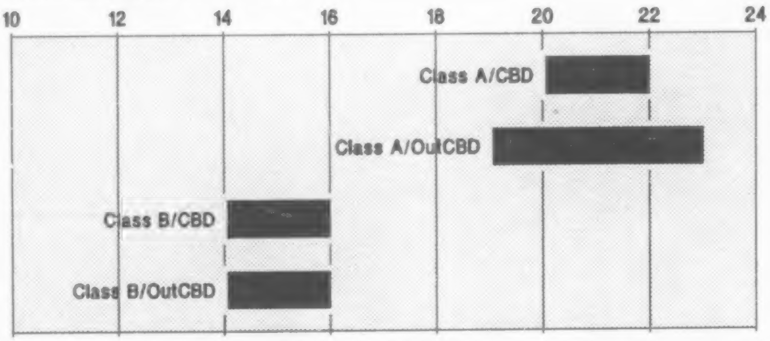
1988 FORECAST

SIOR panelists in San Antonio expect a modest improvement in market conditions during 1988. Absorption will increase one to five percent allowing vacancies to decrease moderately. Rental rates may edge up slightly and landlord concessions will become less of a factor than in 1987 when gross rates were effectively discounted 35 to 40 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Expansion\Renewal Options

RENTAL RATE DISCOUNT FACTOR: 35-40%

DEMOGRAPHICS

POPULATION: 1,236,000
POPULATION GROWTH RATE: 2.7%
EMPLOYMENT GROWTH RATE: 4.4%
UNEMPLOYMENT RATE: 7.8%
PER CAPITA INCOME: $10,675

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,657,035 sq.ft.
Class A/OutCBD: 11,976,899 sq.ft.
Class B/CBD: 3,077,350 sq.ft.
Class B/OutCBD: 3,992,300 sq.ft.

VACANT INVENTORY

Class A/CBD: 350,600 sq.ft.
Class A/OutCBD: 3,298,023 sq.ft.
Class B/CBD: 651,116 sq.ft.
Class B/OutCBD: 1,099,341 sq.ft.

VACANCY RATES

Class A/CBD: 21.2%
Class A/OutCBD: 27.5%
Class B/CBD: 21.2%
Class B/OutCBD: 27.5%

SUBLEASE INVENTORY

Class A: 0
Class B: 10,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.

Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: -80,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.80 per sq.ft.
OutCBD: $1.80 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: $3-$4.50 sq.ft.

MAJOR DEVELOPERS

Hines
Vantage
Trammel Crow
Lincoln

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

DEMOGRAPHICS

POPULATION: 2,133,000
POPULATION GROWTH RATE: 2.6%
EMPLOYMENT GROWTH RATE: 5.0%
UNEMPLOYMENT RATE: 4.4%
PER CAPITA INCOME: $12,462

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 4,000,000 sq.ft.
Class A/OutCBD: 15,000,000 sq.ft.
Class B/CBD: 2,800,000 sq.ft.
Class B/OutCBD: 6,000,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 340,000 sq.ft.
Class A/OutCBD: 3,000,000 sq.ft.
Class B/CBD: 150,000 sq.ft.
Class B/OutCBD: 1,510,000 sq.ft.

VACANCY RATES

Class A/CBD: 8.5%
Class A/OutCBD: 20.0%
Class B/CBD: 5.4%
Class B/OutCBD: 25.2%

SUBLEASE INVENTORY

Class A: 400,000 sq.ft.
Class B: 600,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 510,000 sq.ft.
Class A/OutCBD: 2,000,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 500,000 sq.ft.

NET ABSORPTION

Class A/CBD: 150,000 sq.ft.
Class A/OutCBD: 1,500,000 sq.ft.
Class B/CBD: 50,000 sq.ft.
Class B/OutCBD: 300,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $20

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: $2.16 per sq.ft.
OutCBD: $1.80 per sq.ft.

OPERATING COST ESCALATION

Stop: $4-$6 per sq.ft.

MAJOR DEVELOPERS

Trammel Crow
Koll
Summers
Oliver/McMillan

OUTLOOK

ABSORPTION: Up 11-15%
CONSTRUCTION: Down 1-5%
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

SAN DIEGO: OFFICE

Market Area: San Diego Metropolitan Area

1987 REVIEW

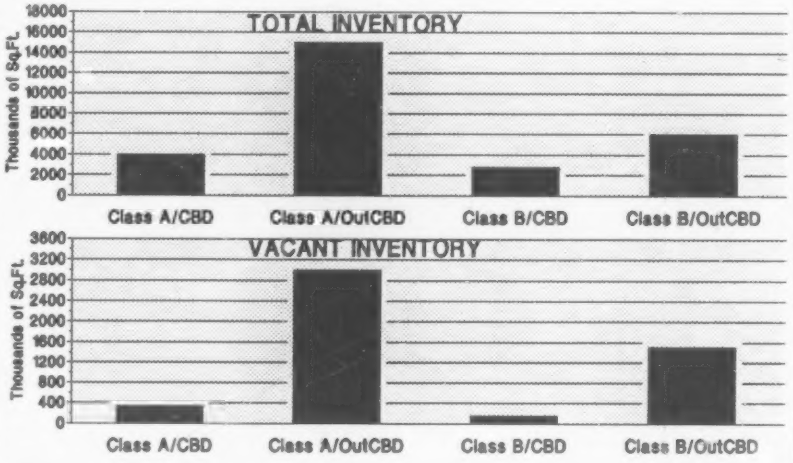
San Diego has 27.8 million square feet of office space, most of which is located in suburban markets. The overall market has been overbuilt but, due to a strong local and regional economy, three consecutive years of record absorption has tightened up the supply of inventory.

Class A vacancy rates range from 8.5 percent in the CBD to 20 percent in areas outside the CBD. Net absorption in 1987 totalled two million square feet.

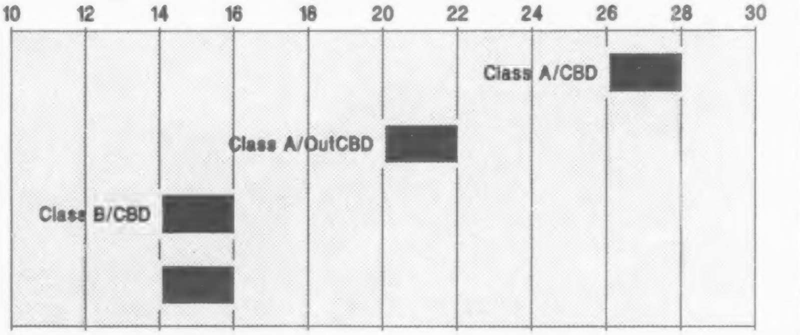
1988 FORECAST

Very little construction during 1986 and 1987 combined with high levels of absorption indicates a trend towards less of a tenants' market in 1988. SIOR panelists expect absorption to increase 11 to 15 percent, forcing vacancies down six to 10 percent. Rental rates will edge up one to five percent. Relatively high concesssions that resulted in a discount factor of 25 to 30 percent in 1987 will decline by one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 25-30%

DEMOGRAPHICS

POPULATION: 1,576,000
POPULATION GROWTH RATE: 1.1%
EMPLOYMENT GROWTH RATE: 1.6%
UNEMPLOYMENT RATE: 3.4%
PER CAPITA INCOME: $18,123

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 31,102,024 sq.ft.
Class A/OutCBD: 9,781,382 sq.ft.
Class B/CBD: 4,627,406 sq.ft.
Class B/OutCBD: 5,855,359 sq.ft.

VACANT INVENTORY

Class A/CBD: 4,719,802 sq.ft.
Class A/OutCBD: 1,419,433 sq.ft.
Class B/CBD: 716,423 sq.ft.
Class B/OutCBD: 742,012 sq.ft.

VACANCY RATES

Class A/CBD: 15.2%
Class A/OutCBD: 14.5%
Class B/CBD: 15.5%
Class B/OutCBD: 12.7%

SUBLEASE INVENTORY

Class A: 851,510 sq.ft.
Class B: 150,218 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 1,593,136 sq.ft.
Class A/OutCBD: 528.441 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 1,700,000 sq.ft.
Class A/OutCBD: 800,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on quantity of materials. Approximate dollar value: $25-$30 per sq.ft.

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: n/a

AVERAGE UTILITY RATES

CBD: $1.30 per sq.ft.
OutCBD: $1.30 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base Year

MAJOR DEVELOPERS

Trammel Crow
Olympia & York
Lincoln
Marathon
Perini
Hines

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

SAN FRANCISCO: OFFICE

Market Area: San Francisco including San Francisco County (excluding Marin and South San Francisco)

1987 REVIEW

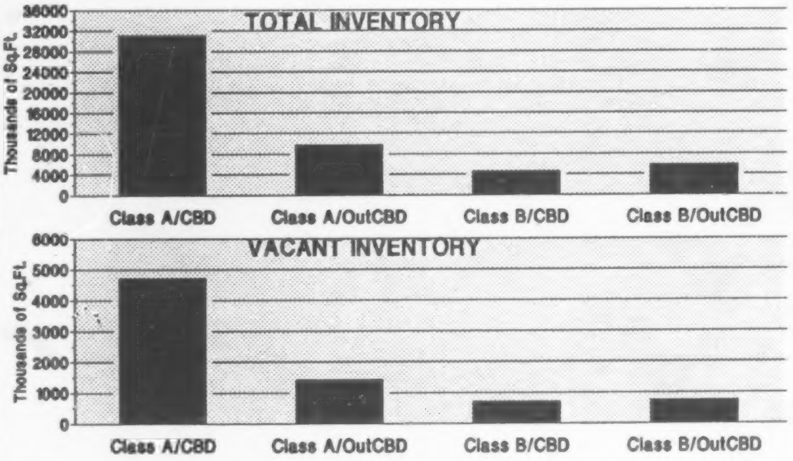
San Francisco has a very high concentration of financial services firms who are intensive users of office space. Additionally, San Francisco has become an important link between the U.S. and Pacific Basin countries, serving as a base for numerous foreign companies involved with international trade and finance.

The city's office inventory is heavily concentrated in the CBD. Sixty percent of all office space and 75 percent of Class A space is located in the CBD. The vacancy rate for Class A space in the CBD is 15.2 percent. Net absorption in 1987 totalled 2.5 million square feet. Over 2.1 million square feet of Class A space is presently under construction.

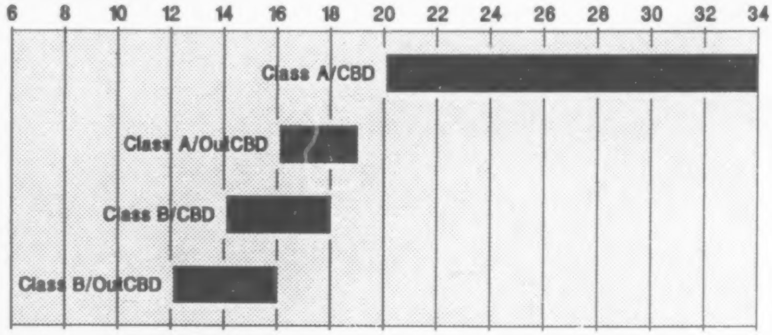
1988 FORECAST

SIOR panelists in San Francisco expect construction and absorption to mirror activity in 1987. Rental rates will experience marginal increases and overall vacancies will decline one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

SAN JOSE: OFFICE

Market Area: San Jose and Santa Clara County including Palo Alto, Cupertino, and Campbell

1987 REVIEW

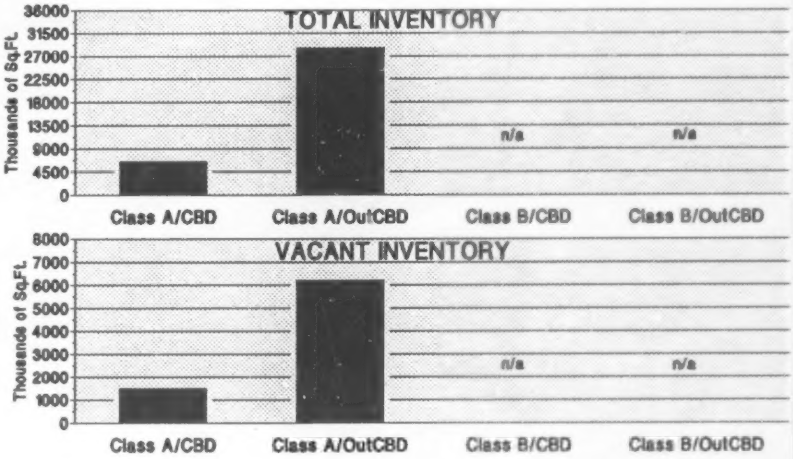
The office market in San Jose is tied to the growth of high-technology firms located throughout the Silicon Valley. San Jose has approximately 35 million square feet of office space. Class A vacancy rates range from 21.8 percent in areas outside the CBD to 23.1 percent in the CBD.

Class A rental rates are comparatively low at $16 to $19 per square foot. SIOR panelists report that landlord concessions typically result in an 11 to 15 percent rental rate discount factor.

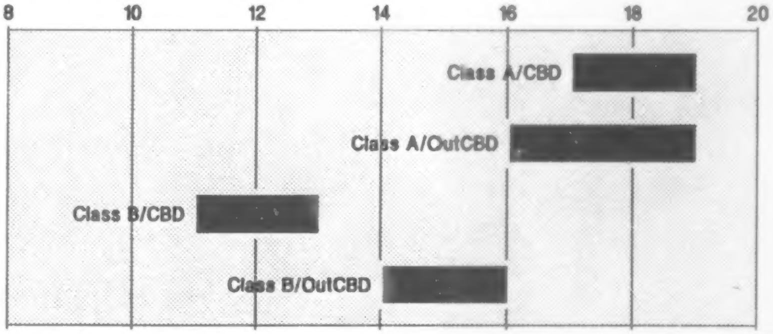
1988 FORECAST

San Jose's research and development and manufacturing sectors are active, which should boost demand for office space. Rental rates will increase one to five percent in 1988. Construction is off except in the CBD so vacancies will decline. The lack of new product will have a dampening effect on absorption. Landlord concessions will decline by six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 1,398,000
POPULATION GROWTH RATE: 1.5%
EMPLOYMENT GROWTH RATE: 5.4%
UNEMPLOYMENT RATE: 4.0%
PER CAPITA INCOME: $16,259

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 6,500,000 sq.ft.
Class A/OutCBD: 28,500,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 1,500,000 sq.ft.
Class A/OutCBD: 6,208,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 23.1%
Class A/OutCBD: 21.8%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 832,130 sq.ft.
Class A/OutCBD: 156,121 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $20-$25

TYPICAL PARKING RATIO

CBD: 2 per 1000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.20-$1.80 per sq.ft.
OutCBD: $1.20-$1.80 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year or Stop: $4.70-$6.00 per sq.ft.

MAJOR DEVELOPERS

The Koll Co.
Prometheus
Sobrato Cos.
Trammel Crow/Spieker Partners
Lincoln

OUTLOOK

ABSORPTION: Down 6-10%
CONSTRUCTION: Same
VACANCIES: Down 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 6-10%

SEATTLE: OFFICE

Market Area: Financial District, Pioneer Square, Denny Regrade, Lake Union/Lower Q.A., and Bellevue/Eastside

1987 REVIEW

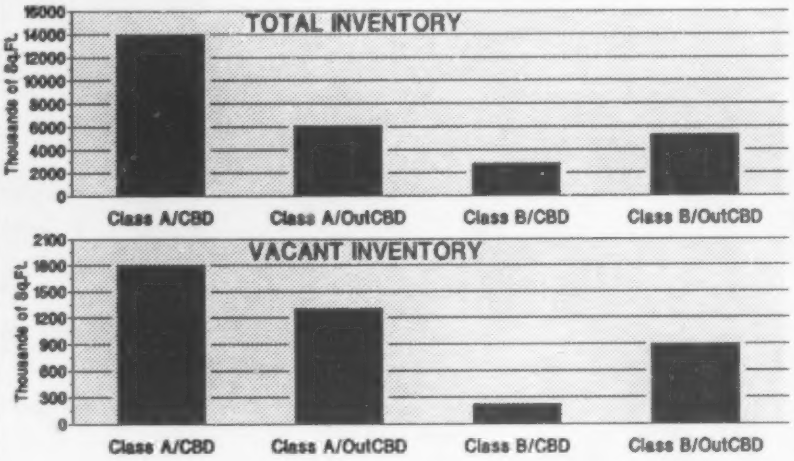
Seattle's growth as a financial center and international trade center has spurred the business services and construction sectors of the area's economy. The market area has over 28 million square feet of office space. The Class A vacancy rate is 12.9 percent in the CBD and 21.3 percent in the areas outside the CBD.

Gross rental rates for Class A space range from $15 to $26. Several concessions are common and typically result in a discount factor of between 16 and 20 percent.

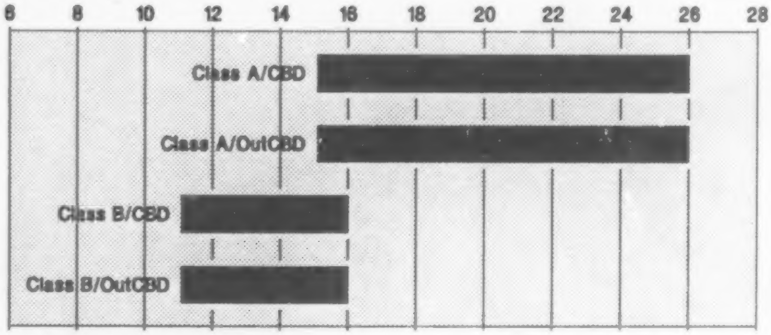
1988 FORECAST

SIOR panelists in Seattle expect the vacancy rate to drop through the first quarter of 1988. During the second quarter two projects totalling 1.2 million square feet will be on line. Then, in the third quarter, another 500,000 square feet will be added and vacancies will escalate to 14 to 16 percent. Absorption will be near the annual norm of about one million square feet. Rental rates will decline one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Club Memberships

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 1,724,000
POPULATION GROWTH RATE: 1.3%
EMPLOYMENT GROWTH RATE: 4.1%
UNEMPLOYMENT RATE: 5.5%
PER CAPITA INCOME: $13,678

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 14,000,000 sq.ft.
Class A/OutCBD: 6,100,000 sq.ft.
Class B/CBD: 2,800,000 sq.ft.
Class B/OutCBD: 5,300,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 1,800,000 sq.ft.
Class A/OutCBD: 1,300,000 sq.ft.
Class B/CBD: 220,000 sq.ft.
Class B/OutCBD: 895,000 sq.ft.

VACANCY RATES

Class A/CBD: 12.9%
Class A/OutCBD: 21.3%
Class B/CBD: 7.9%
Class B/OutCBD: 16.9%

SUBLEASE INVENTORY

Class A: 300,000 sq.ft.
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 1,800,000 sq.ft.
Class A/OutCBD: 550,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: n/a

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.25 per sq.ft.
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Trammel Crow
Hines
Wright Runstad Company
Martin Selig

OUTLOOK

ABSORPTION: Down 1-5%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 6-10%
RENTAL RATES: Down 1-5%
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 107,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.2%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,258,000 sq.ft.
Class A/OutCBD: 26,000 sq.ft.
Class B/CBD: 1,415,357 sq.ft.
Class B/OutCBD: 150,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 125,280 sq.ft.
Class A/OutCBD: 5,000 sq.ft.
Class B/CBD: 535,721 sq.ft.
Class B/OutCBD: 50,525 sq.ft.

VACANCY RATES

Class A/CBD: 10.0%
Class A/OutCBD: 19.2%
Class B/CBD: 37.9%
Class B/OutCBD: 33.7%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 60,000 sq.ft.
Class A/OutCBD: 26,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $10

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.

OPERATING COST ESCALATION

Base year and Stop: $4 per sq.ft.

MAJOR DEVELOPERS

Holiday Corporation

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 1-5%
VACANCIES: Up 6-10%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

SOUTH BEND: OFFICE

Market Area: South Bend, Mishawaka, Elkhart, Goshen, Granger, Osceola, and Middleberry

1987 REVIEW

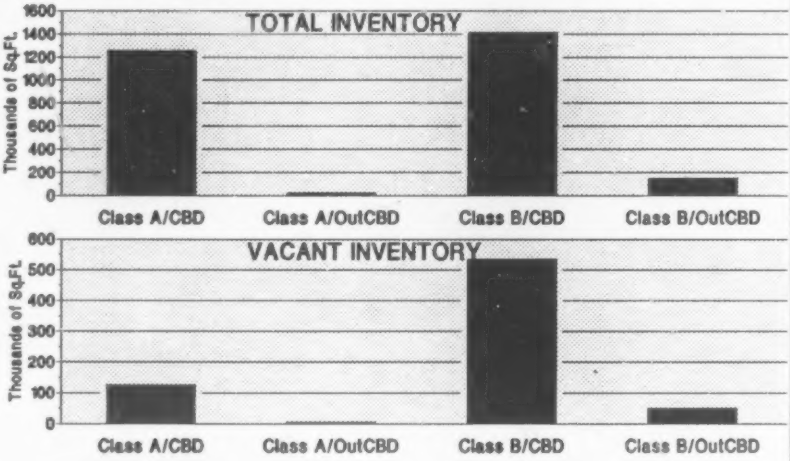
South Bend has a relatively small office market with just over 2.8 million square feet of space. Most of the area's inventory is located in the CBD where vacancy rates range from 10 percent for Class A space to 37.9 percent for Class B space. SIOR panelists in South Bend report that several firms have upgraded from Class B to Class A.

Rental rates for Class A space in the CBD range from $14 to $16 per square foot. Class B space rents range from $8 to $10 per square foot. Landlord lease concessions have very little effect on gross rental rates.

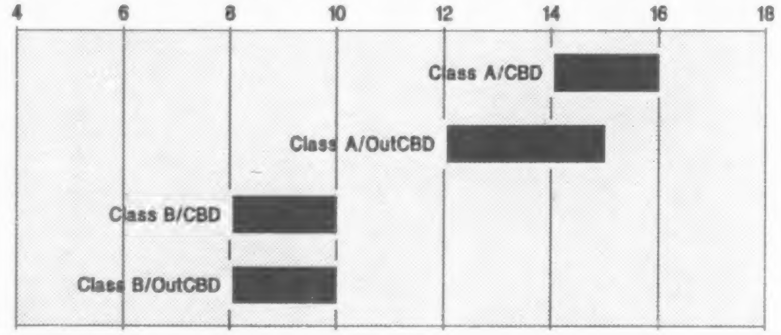
1988 FORECAST

SIOR panelists expect 1988 to be a "flat" year for office leasing in South Bend. Construction will be off one to five percent and vacancies will increase six to 10 percent. Absorption will remain unchanged from 1987 levels.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking

RENTAL RATE DISCOUNT FACTOR: 0-5%

SPRINGFIELD, MA: OFFICE

Market Area: East Longmeadow and Springfield Metropolitan Area

1987 REVIEW

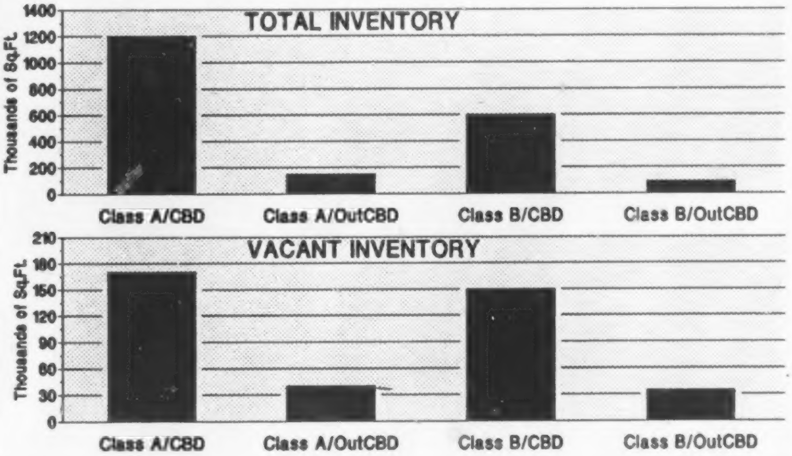
Springfield, located in Western Massachusetts, is a large manufacturing sector. Unemployment is very low which may restrain growth in the area. Its office market has over two million square feet of office space. Absorption totalled 275,000 square feet in 1987. Presently, another 220,000 square feet are under construction in the area.

Class A rental rates in Springfield's CBD range from $17 to $22 per square foot. SIOR panelists report that landlord concessions such as rental abatement, moving allowance, additional interior improvements and signing bonuses are common in the Springfield market.

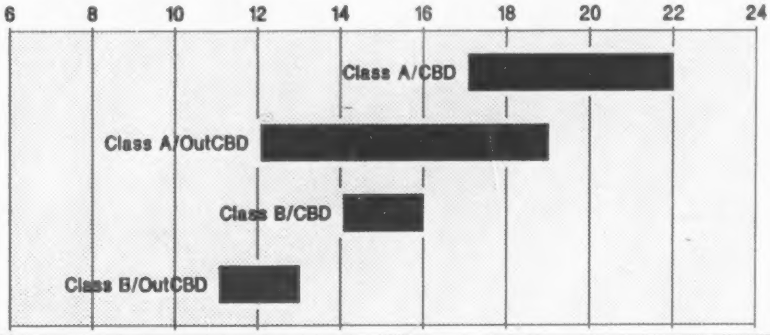
1988 FORECAST

In 1988, Springfield's local economy will be stable. Rental rates will increase one to five percent despite a significant drop in absorption of 11 to 15 percent. Construction will also be down 11 to 15 percent. Vacancies will remain unchanged from 1987 rates.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Moving Allowance
Additional Interior Improvements
Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: N/A

DEMOGRAPHICS

POPULATION: 7269400
POPULATION GROWTH RATE: 35.4%
EMPLOYMENT GROWTH RATE: 7.3%
UNEMPLOYMENT RATE: 4.2%
PER CAPITA INCOME: $12,469

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,200,000 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 600,000 sq.ft.
Class B/OutCBD: 90,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 170,000 sq.ft.
Class A/OutCBD: 40,000 sq.ft.
Class B/CBD: 150,000 sq.ft.
Class B/OutCBD: 35,000 sq.ft.

VACANCY RATES

Class A/CBD: 14.2%
Class A/OutCBD: 26.7%
Class B/CBD: 25.0%
Class B/OutCBD: 38.9%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 150,000 sq.ft.
Class B/CBD: 40,000 sq.ft.
Class B/OutCBD: 30,000 sq.ft.

NET ABSORPTION

Class A/CBD: 175,000 sq.ft.
Class A/OutCBD: 25,000 sq.ft.
Class B/CBD: 75,000 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: Varies

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: n/a

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

A.J. Lane Company
Olympia & York

OUTLOOK

ABSORPTION: Down 11-15%
CONSTRUCTION: Down 11-15%
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

ST. LOUIS: OFFICE

Market Area: St. Louis Metropolitan Area

DEMOGRAPHICS

POPULATION: 2,412,000
POPULATION GROWTH RATE: 0.3%
EMPLOYMENT GROWTH RATE: 1.6%
UNEMPLOYMENT RATE: 6.4%
PER CAPITA INCOME: $12,942

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 8,132,173 sq.ft.
Class A/OutCBD: 12,490,508 sq.ft.
Class B/CBD: 4,833,287 sq.ft.
Class B/OutCBD: 7,059,960 sq.ft.

VACANT INVENTORY

Class A/CBD: 350,000 sq.ft.
Class A/OutCBD: 1,023,000 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 4.3%
Class A/OutCBD: 8.2%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: n/a
Class B: 210,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 1,500,000 sq.ft.
Class A/OutCBD: 1,412,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 511,000 sq.ft.
Class A/OutCBD: 1,353,620 sq.ft.
Class B/CBD: 100,000 sq.ft.
Class B/OutCBD: 200,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12 OutCBD $18 CBD

TYPICAL PARKING RATIO

CBD: 1 per 2000 sq.ft.
OutCBD: 1 per 250 sq. ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: $5.00 per sq.ft.

MAJOR DEVELOPERS

Trammel Crow
Paragon Corporation
Lindclay Corporation
Turc Development Co.
Baur Properties

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Down 6-10%
VACANCIES: Up 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

1987 REVIEW

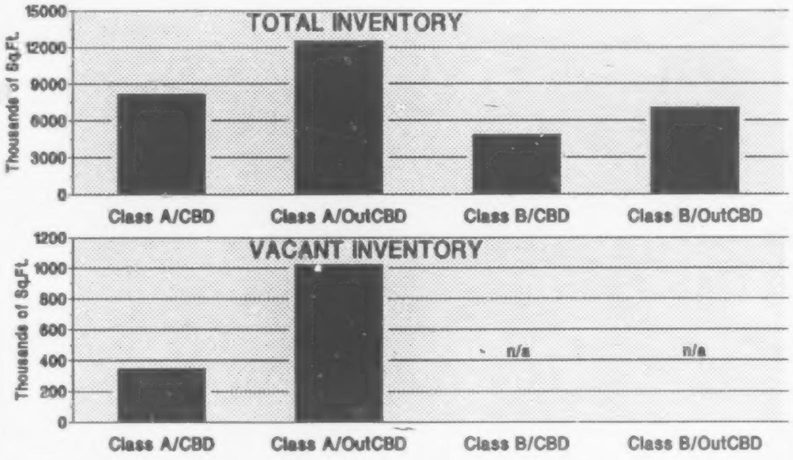
St. Louis has a fairly high concentration of corporate headquarters including McDonnell Douglas, the largest employer in Missouri.

The area has about 20.7 million square feet of Class A office space. Supply has stayed ahead of demand in most submarkets with a few exceptions in areas outside the CBD. New buildings are being built of a higher quality than before, improving the marketability of the new space and attracting move-up tenants.

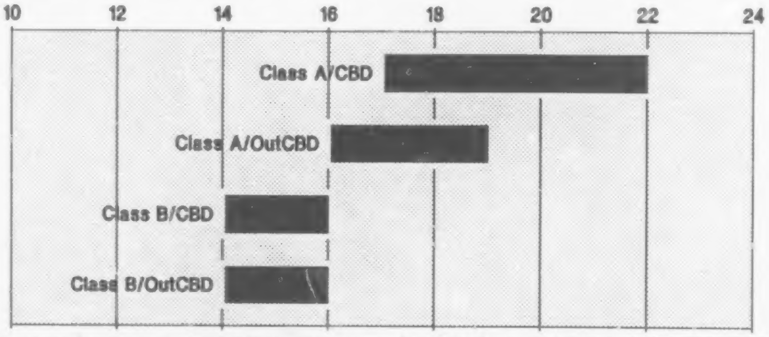
1988 FORECAST

SIOR panelists in St. Louis report that a 1.5 to two year supply of office space was available at the end of 1987. Absorption will be up one to five percent in 1988 and construction will fall off significantly, by six to 10 percent. Rental rates and landlord concessions will remain stable at 1987 levels.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 16-20%

DEMOGRAPHICS

POPULATION: 102,000
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 2.2%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 14,334,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 2,337,383 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 3,785,800 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 608,200 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 26.4%
Class A/OutCBD: n/a
Class B/CBD: 26.0%
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: 750,000 sq.ft.
Class B: 120,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 1,200,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 200,000 sq.ft.
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: -470,000 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: -211,000 sq.ft.
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot and/or quantity of materials. Approximate dollar value: $25-$35 per sq.ft.

TYPICAL PARKING RATIO

CBD: 3 per 1000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES

CBD: $1.25 per sq.ft.
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

R.D. Scinto
F.D. Rich
Triyec
A.D. Phelps
Warwick Malkin

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 11-15%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 11-15%

STAMFORD/NORWALK: OFFICE

Market Area: Stamford and Norwalk

1987 REVIEW

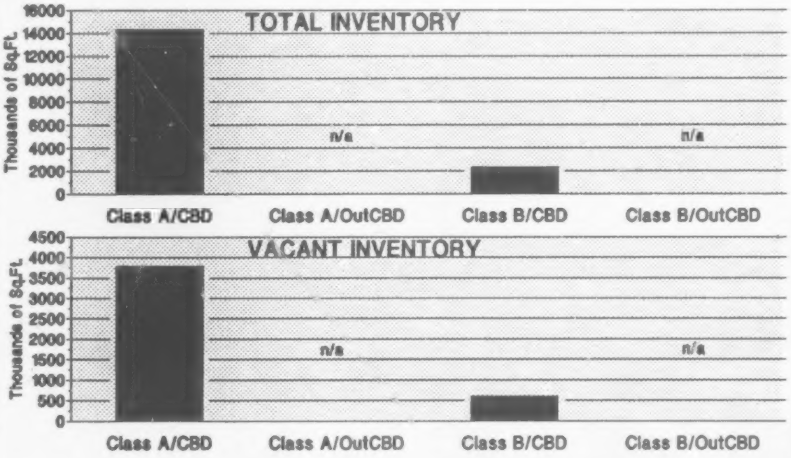
Stamford's economy has been very strong but the office market is overbuilt. The area has about 16.6 million square feet of space, primarily Class A space in the CBD. Vacancies are currently 26.4 percent. In 1987, net absorption was a negative 681,000 square feet while construction was 1.4 million square feet.

The cumulative effect of concessions on gross rental rates is between 11 and 15 percent. Typical concessions include parking, rental abatement, lease assumptions, and additional interior improvements.

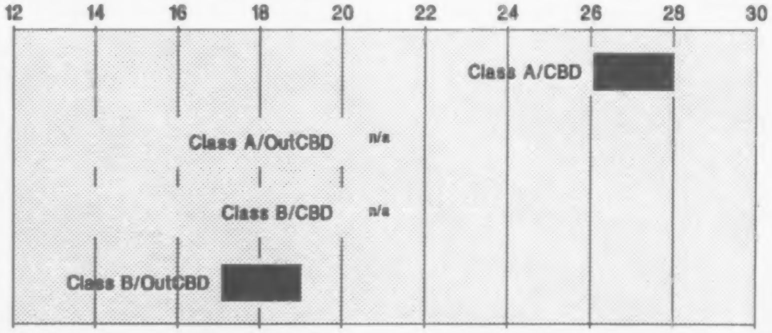
1988 FORECAST

It appears the office building market will remain soft in 1988. Construction will drop off by 11 to 15 percent which could be the key to improving overall market conditions. Rental rates will remain the same while landlords extend further concessions, reducing effective rents.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

SYRACUSE: OFFICE

Market Area: Syracuse and Onondoga County

1987 REVIEW

The Syracuse office market currently has approximately 5.4 million square feet of office space. Over one-half of the total inventory is Class B space in the CBD. Class A vacancies range from 16.3 percent in the CBD to 33.3 percent in areas outside the CBD.

About 285,000 square feet of new space is presently under construction and will be available by the end of 1988. Class A rental rates are in the range of $17 to $19 dollars per square foot in the CBD. Concessions typically result in a discount factor of six to 10 percent.

1988 FORECAST

Despite an oversupply of Class B space, there is need for a new speculative Class A building. The market is strong at this time and the outlook for 1988 is good. Construction will be up, but so will absorption. The net result will be that vacancies will remain unchanged.

DEMOGRAPHICS

POPULATION: 651,000
POPULATION GROWTH RATE: 0.2%
EMPLOYMENT GROWTH RATE: 2.1%
UNEMPLOYMENT RATE: 5.5%
PER CAPITA INCOME: $11,559

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 980,000 sq.ft.
Class A/OutCBD: 810,000 sq.ft.
Class B/CBD: 2,950,000 sq.ft.
Class B/OutCBD: 540,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 160,000 sq.ft.
Class A/OutCBD: 270,000 sq.ft.
Class B/CBD: 560,000 sq.ft.
Class B/OutCBD: 135,000 sq.ft.

VACANCY RATES

Class A/CBD: 16.3%
Class A/OutCBD: 33.3%
Class B/CBD: 19.0%
Class B/OutCBD: 25.0%

SUBLEASE INVENTORY

Class A: 0 sq.ft.
Class B: 0 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 40,000 sq.ft.
Class A/OutCBD: 85,000 sq.ft.
Class B/CBD: 160,000 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $8-$18

TYPICAL PARKING RATIO

CBD: 3 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.75-$3 per sq.ft.
OutCBD: $1-$2 per sq.ft.
Space for lease is typically separately metered.

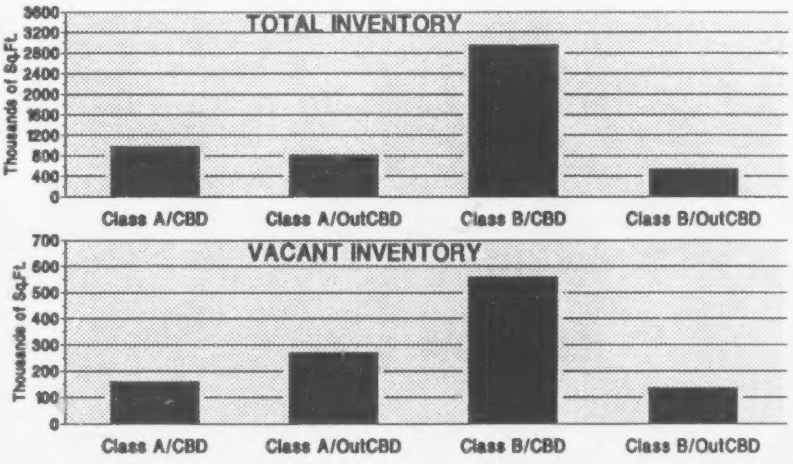
OPERATING COST ESCALATION

Base year

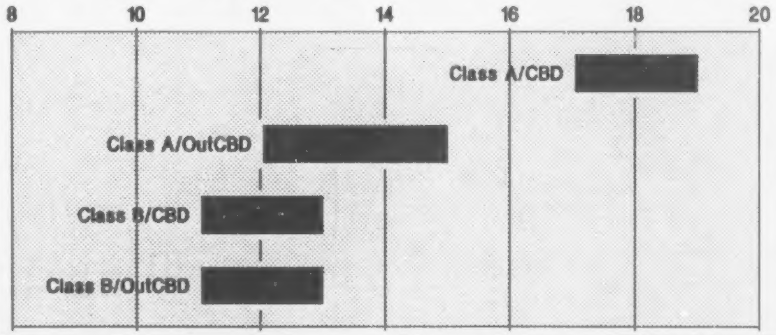
OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 6-10%
VACANCIES: Same
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Up 1-5%

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 1,869,000
POPULATION GROWTH RATE: 2.8%
EMPLOYMENT GROWTH RATE: 4.6%
UNEMPLOYMENT RATE: 4.8%
PER CAPITA INCOME: $11,711

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,911,331 sq.ft.
Class A/OutCBD: 6,454,561 sq.ft.
Class B/CBD: 2,102,382 sq.ft.
Class B/OutCBD: 5,771,049 sq.ft.

VACANT INVENTORY

Class A/CBD: 372,779 sq.ft.
Class A/OutCBD: 1,422,193 sq.ft.
Class B/CBD: 331,953 sq.ft.
Class B/OutCBD: 1,208,075 sq.ft.

VACANCY RATES

Class A/CBD: 12.8%
Class A/OutCBD: 22.0%
Class B/CBD: 15.8%
Class B/OutCBD: 20.9%

SUBLEASE INVENTORY

Class A: 57,944 sq.ft.
Class B: 28,192 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 512,851 sq.ft.
Class A/OutCBD: 1,011,956 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 129,767 sq.ft.
Class A/OutCBD: 799,133 sq.ft.
Class B/CBD: -15,287 sq.ft.
Class B/OutCBD: 77,272 sq.ft.

STANDARD WORK LETTER

Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 250 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.50 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year and Stop: $3.50-$5.00

MAJOR DEVELOPERS

Paragon Group
Tower Marc
Opus South
Austin Companies
Lincoln
Trammel Crow
Vantage

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Up 11-15%
VACANCIES: Up 1-5%
RENTAL RATES: Up 6-10%
LANDLORD CONCESSIONS: Down 1-5%

TAMPA: OFFICE

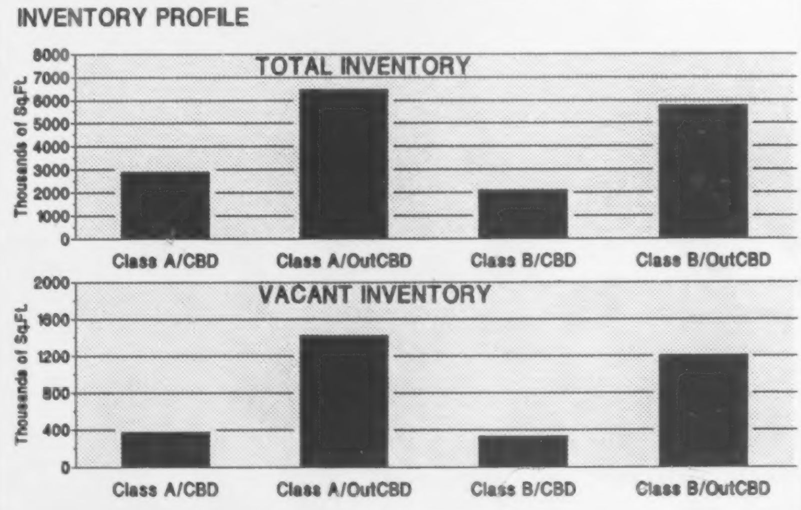
Market Area: Tampa Bay Area

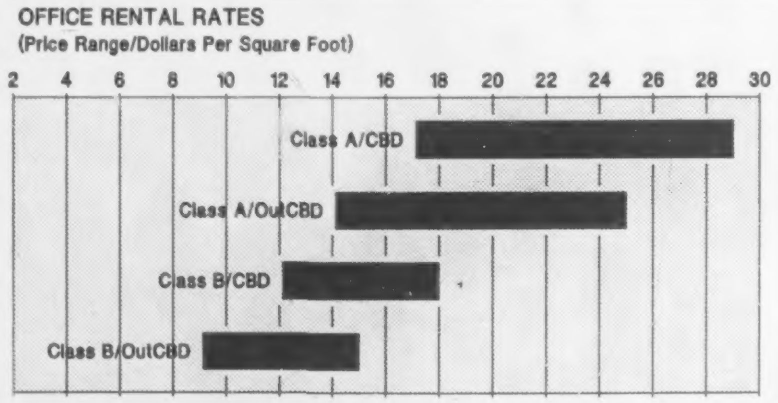
1987 REVIEW

Tampa's economy is diversified and strong. The area is well-known for its tourist industry and its high concentration of retirees. The construction of office buildings continued during 1987 despite a vacancy factor in Class A buildings of nearly 13 percent in the central business district and nearly double that in the suburbs. The amount of space still under construction exceeds that absorbed in 1987 which indicates continuing optimism about the area's future growth. In order to attract tenants, landlords are using a variety of concessions which effectively reduce gross rents by about 15 percent.

1988 FORECAST

Tampa's office market will be going through its next building cycle in 1988 and 1989. Absorption will increase by six to 10 percent. Rental rates are expected to increase six to 10 percent also. Concessions will become less of a constraint on gross rental rates, declining one to five percent.





TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements
Signing Bonuses

RENTAL RATE DISCOUNT FACTOR: 15%

TERRE HAUTE: OFFICE

Market Area: Terre Haute Metropolitan Area

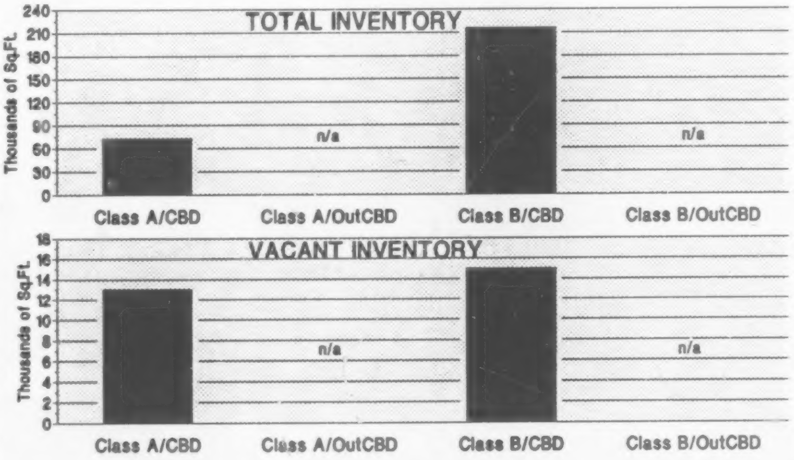
1987 REVIEW

Downtown Terre Haute is experiencing a revival as new businesses move in and new construction gets underway. Retail activity is up from 1986 levels and several franchises are locating in the city. Most of the office space in the Terre Haute market area is Class B and only 14,500 square feet is currently available. Approximately 12,625 square feet of Class A space is available and another 12,550 square feet is currently under construction. Landlord concessions are not widely used and result in a rental rate discount factor of five percent or less.

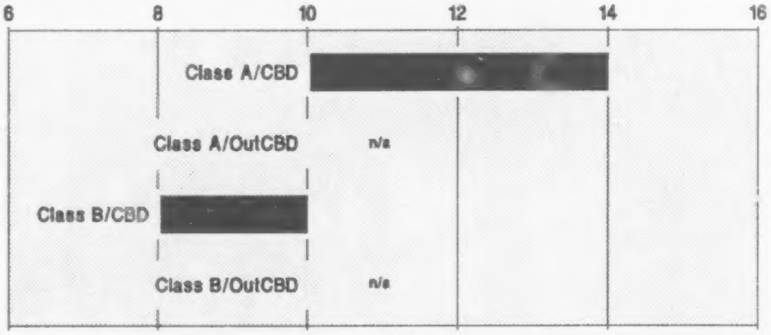
1988 FORECAST

In the coming months there will be some improvement as construction increases. Obviously, a few transactions can change market conditions significantly. Gross rental rates are expected to rise modestly. Absorption will remain at 1987 levels.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: 5.9%
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 72,500 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 215,500 sq.ft.
Class B/OutCBD: n/a

VACANT INVENTORY

Class A/CBD: 12,625 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 14,500 sq.ft.
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 17.4%
Class A/OutCBD: n/a
Class B/CBD: 6.7%
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 12,550 sq.ft.
Class A/OutCBD: n/a
Class B/CBD: 0 sq.ft.
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $8

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: n/a

AVERAGE UTILITY RATES

CBD: $1.00 per sq.ft.
OutCBD: n/a

OPERATING COST ESCALATION

n/a

MAJOR DEVELOPERS

CDI
Earl Rodgers & Associates
J.C. Spence & Associates
Rick Jenkins Construction

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Up 6-10%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

DEMOGRAPHICS

POPULATION: 608,000
POPULATION GROWTH RATE: -0.3%
EMPLOYMENT GROWTH RATE: 0.9%
UNEMPLOYMENT RATE: 5.7%
PER CAPITA INCOME: $11,684

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 740,000 sq.ft.
Class A/OutCBD: 500,000 sq.ft.
Class B/CBD: 710,000 sq.ft.
Class B/OutCBD: 500,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 125,000 sq.ft.
Class A/OutCBD: 30,000 sq.ft.
Class B/CBD: 225,000 sq.ft.
Class B/OutCBD: 85,000 sq.ft.

VACANCY RATES

Class A/CBD: 16.9%
Class A/OutCBD: 6.0%
Class B/CBD: 31.7%
Class B/OutCBD: 17.0%

SUBLEASE INVENTORY

Class A: 40,000 sq.ft.
Class B: 15,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 60,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 15,000 sq.ft.
Class A/OutCBD: 45,000 sq.ft.
Class B/CBD: 10,000 sq.ft.
Class B/OutCBD: 5,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $17

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: n/a
OutCBD: n/a
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

TOLEDO: OFFICE

Market Area: Toledo Metropolitan Area

1987 REVIEW

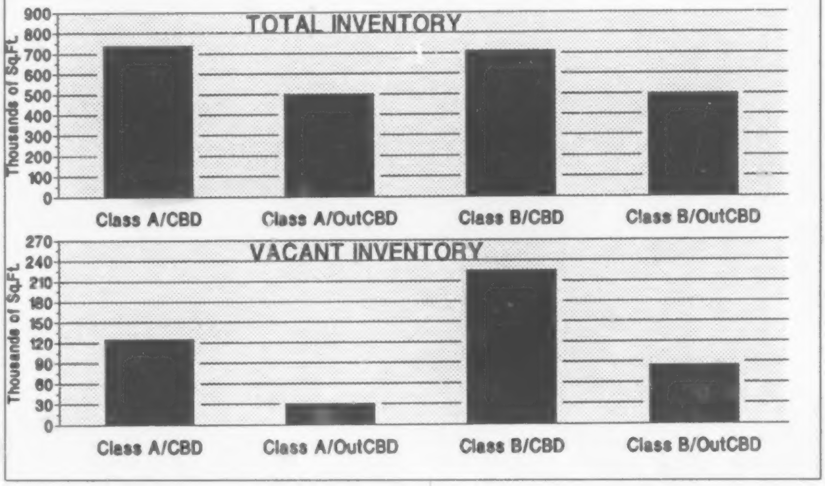
Little has happened in the national economy to spur activity in Toledo. Toledo's economy is tied greatly to the automobile industry and has experienced slow growth in recent years. There is not a great deal of speculative office space available in the city and the only new construction reported for the last 12 months was a small amount of space in the suburbs.

Although fewer of the concession techniques are used to lease space, the cumulative effect on gross rents runs between six and 10 percent in Toledo which is comparable to many cities that are overbuilt.

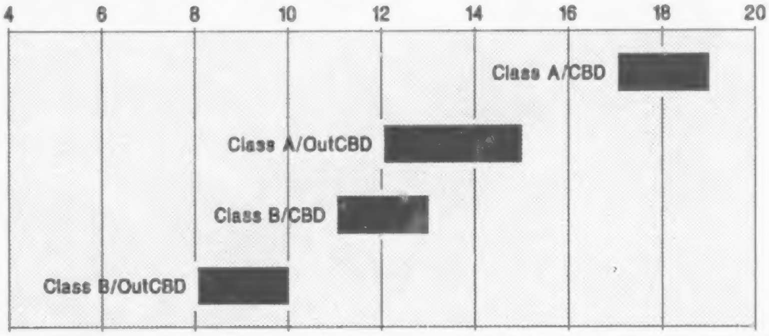
1988 FORECAST

SIOR panelists in Toledo are not as optimistic about the office market as they are about the industrial sector which is looking forward to the new Mazda plant in nearby Michigan. Landlords supplying office space will see a year much the same as 1987.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

DEMOGRAPHICS

POPULATION: 733,000
POPULATION GROWTH RATE: 2.1%
EMPLOYMENT GROWTH RATE: 3.0%
UNEMPLOYMENT RATE: 7.1%
PER CAPITA INCOME: $11,992

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 3,200,000 sq.ft.
Class A/OutCBD: 2,500,000 sq.ft.
Class B/CBD: 1,100,000 sq.ft.
Class B/OutCBD: 2,200,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 690,000 sq.ft.
Class A/OutCBD: 775,000 sq.ft.
Class B/CBD: 300,000 sq.ft.
Class B/OutCBD: 470,000 sq.ft.

VACANCY RATES

Class A/CBD: 22.0%
Class A/OutCBD: 31.0%
Class B/CBD: 27.3%
Class B/OutCBD: 21.4%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: [illegible] sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: -150,000 sq.ft.
Class A/OutCBD: -150,000 sq.ft.
Class B/CBD: -150,000 sq.ft.
Class B/OutCBD: -150,000 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $12

TYPICAL PARKING RATIO

CBD: n/a
OutCBD: 1 per 300 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.60 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Base year and Stop: $3.50-$5.50 per sq.ft.

MAJOR DEVELOPERS

Trammel Crow
Property Company of America
Metropolitan Life Insurance Co.
Williams Realty Corporation

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Down 1-5%

TULSA: OFFICE

Market Area: Tulsa Metropolitan Area

1987 REVIEW

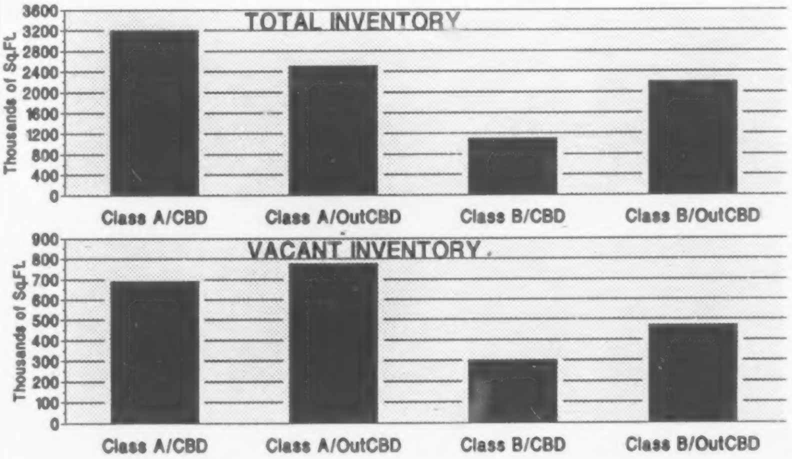
Activity in the office market has not improved to the same degree as in the industrial market. For the third year in a row, the Tulsa office market has experienced negative absorption. Demand for space is flat. SIOR panelists in Tulsa see a stagnant market paralleling the energy business.

Vacancies are in the 20 to 30 percent range for all types of property with no buildings under construction at the present time. Owners are granting concessions to encourage leasing and the net effect is a 10 to 20 percent reduction in gross rents.

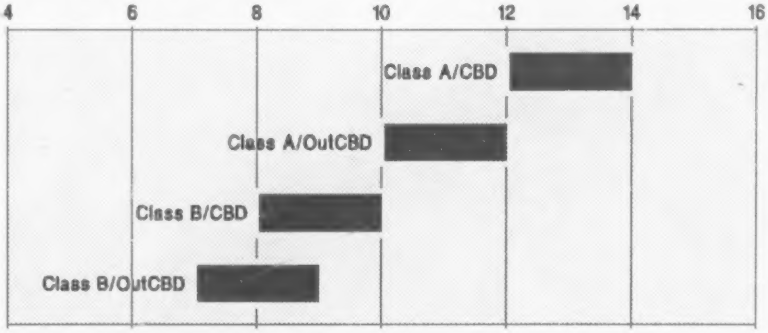
1988 FORECAST

With an economy tied to the oil industry no increase in activity is anticipated over the next year. Absorption will continue to be flat and there will be no new construction. All of these factors will come together and create a very soft market with rental rates and vacancies remaining the same as last year.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 10-20%

DEMOGRAPHICS

POPULATION: 3,490,000
POPULATION GROWTH RATE: 1.3%
EMPLOYMENT GROWTH RATE: 3.1%
UNEMPLOYMENT RATE: 3.1%
PER CAPITA INCOME: $16,395

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 16,665,493 sq.ft.
Class A/OutCBD: 48,643,239 sq.ft.
Class B/CBD: 35,100,813 sq.ft.
Class B/OutCBD: 28,842,838 sq.ft.

VACANT INVENTORY

Class A/CBD: 6,941,780 sq.ft.
Class A/OutCBD: 15,277,205 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

VACANCY RATES

Class A/CBD: 41.7%
Class A/OutCBD: 31.4%
Class B/CBD: n/a
Class B/OutCBD: n/a

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: 3,363,126 sq.ft.
Class A/OutCBD: 10,026,240 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: 2,590,988 sq.ft.
Class A/OutCBD: 8,362,624 sq.ft.
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $15-$18

TYPICAL PARKING RATIO

CBD: 1 per 1500 sq.ft.
OutCBD: 1 per 280 sq.ft.

AVERAGE UTILITY RATES

CBD: $2.00 per sq.ft.
OutCBD: $1.50 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: CBD: $7.50-$8 per sq.ft.;
OutCBD: $4.50-$5.50 per sq.ft.

MAJOR DEVELOPERS

Hines
Trammel Crow
The Kaempfer Company
Evans Company
Bircher/Butcher
McCormick Properties

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Down 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Same
LANDLORD CONCESSIONS: Same

WASHINGTON D.C. METROPOLITAN AREA: OFFICE

Market Area: Suburban Maryland, Northern Virginia and the District of Columbia Metropolitan Area

1987 REVIEW

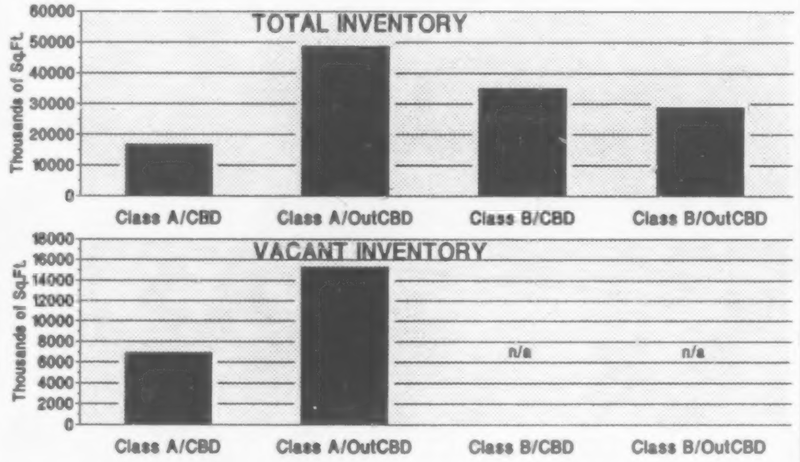
The Washington office market has been a hotbed of activity in recent years. The area currently has approximately 128 million square feet of rentable inventory. As of 1986, the Federal Government alone had leased over 30 million square feet. Class A absorption in 1987 totalled over 10.9 million square feet.

The area has experienced tremendous growth on several fronts. In the city, the three A's -- attorneys, accountants, and associations -- are very intensive office users. In the suburbs, firms in the defense, health, computer, telecommunications, and biotechnology industries have taken large blocks of space.

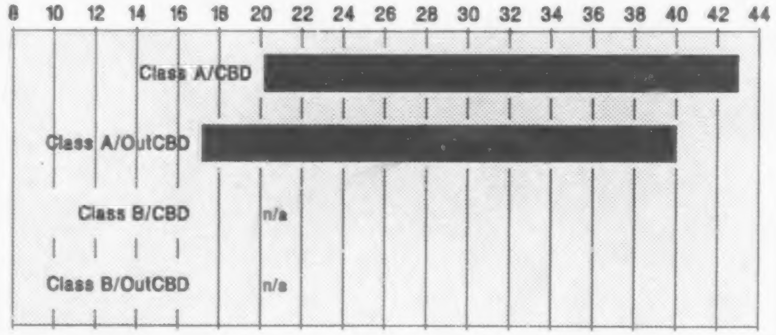
1988 FORECAST

SIOR panelists in Washington expect absorption to increase again in 1988 by six to 10 percent. The construction binge will cool off, however, declining one to five percent which will allow vacancies to decline modestly. Rental rates and concessions will remain unchanged.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

WEST PALM BEACH: OFFICE

Market Area: West Palm Beach, Clearlake Corridor, Palm Beach Lakes Boulevard, and the area from Lake Worth to Jupiter

1987 REVIEW

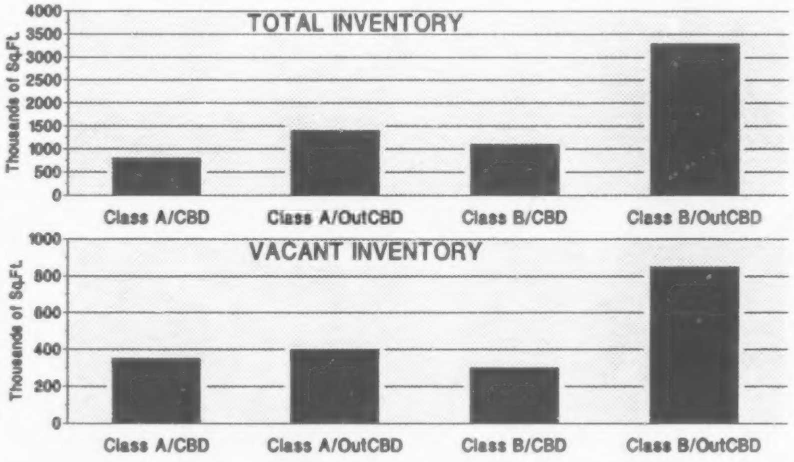
Rapid population growth has helped the service and trade sectors of the West Palm Beach economy. A large share of the new residents are retired persons with large disposable incomes.

The West Palm Beach office market is still overbuilt with an estimated three- to four-year supply of space. Vacancy rates for Class A space range from 28.6 percent in areas outside the CBD to 43.8 percent in the CBD. However, given the relatively small inventory in this market area, vacancy rates can change quickly.

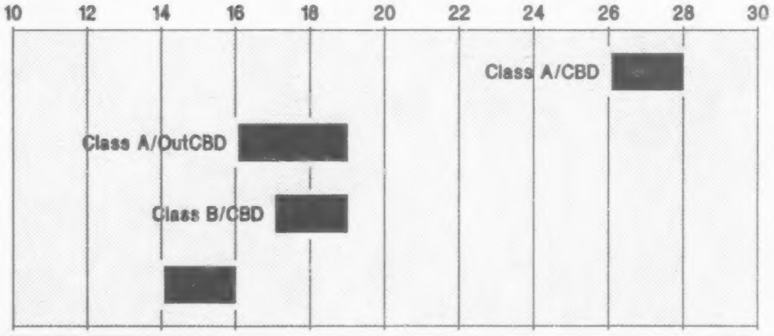
1988 FORECAST

SIOR panelists in the West Palm Beach area expect the rate of construction to decline by six to 10 percent in 1988. Absorption will increase significantly, rising by six to 10 percent. Rental rates will remain unchanged but landlord concessions will increase six to 10 percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

DEMOGRAPHICS

POPULATION: 723,000
POPULATION GROWTH RATE: 4.3%
EMPLOYMENT GROWTH RATE: 7.0%
UNEMPLOYMENT RATE: 4.8%
PER CAPITA INCOME: $15,690

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 800,000 sq.ft.
Class A/OutCBD: 1,400,000 sq.ft.
Class B/CBD: 1,100,000 sq.ft.
Class B/OutCBD: 3,300,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 350,000 sq.ft.
Class A/OutCBD: 400,000 sq.ft.
Class B/CBD: 300,000 sq.ft.
Class B/OutCBD: 850,000 sq.ft.

VACANCY RATES

Class A/CBD: 43.8%
Class A/OutCBD: 28.6%
Class B/CBD: 27.3%
Class B/OutCBD: 25.8%

SUBLEASE INVENTORY

Class A: 75,000 sq.ft.
Class B: 120,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 550,000 sq.ft.
Class A/OutCBD: 400,000 sq.ft.
Class B/CBD: 100,000 sq.ft.
Class B/OutCBD: 600,000 sq.ft.

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $16

TYPICAL PARKING RATIO

CBD: 1 per 200 sq.ft.
OutCBD: 1 per 200 sq.ft.

AVERAGE UTILITY RATES

CBD: $1.75 per sq.ft.
OutCBD: $1.25 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

Base year

MAJOR DEVELOPERS

Goodman
Stiles
Tambone
Ecclestone
Hamilton

OUTLOOK

ABSORPTION: Up 6-10%
CONSTRUCTION: Down 6-10%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 6-10%

WICHITA: OFFICE

Market Area: Wichita Metropolitan Area

DEMOGRAPHICS

POPULATION: 435,000
POPULATION GROWTH RATE: 1.1%
EMPLOYMENT GROWTH RATE: 1.8%
UNEMPLOYMENT RATE: 4.7%
PER CAPITA INCOME: $13,111

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 1,500,000 sq.ft.
Class A/OutCBD: 785,000 sq.ft.
Class B/CBD: 2,200,000 sq.ft.
Class B/OutCBD: 1,450,000 sq.ft.

VACANT INVENTORY

Class A/CBD: 285,000 sq.ft.
Class A/OutCBD: 196,250 sq.ft.
Class B/CBD: 418,000 sq.ft.
Class B/OutCBD: 362,500 sq.ft.

VACANCY RATES

Class A/CBD: 19.0%
Class A/OutCBD: 25.0%
Class B/CBD: 19.0%
Class B/OutCBD: 25.0%

SUBLEASE INVENTORY

Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

NET ABSORPTION

Class A/CBD: n/a
Class A/OutCBD: n/a
Class B/CBD: n/a
Class B/OutCBD: n/a

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $15

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1000 sq.ft. open

AVERAGE UTILITY RATES

CBD: $1.50-$1.75 per sq.ft.
OutCBD: $1.50-$1.75 per sq.ft.
Space for lease is typically not separately metered.

OPERATING COST ESCALATION

Stop: $3.50-$4.50

MAJOR DEVELOPERS

Slawson
Ablah
Garvey

OUTLOOK

ABSORPTION: Up 1-5%
CONSTRUCTION: Up 1-5%
VACANCIES: Down 1-5%
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Down 1-5%

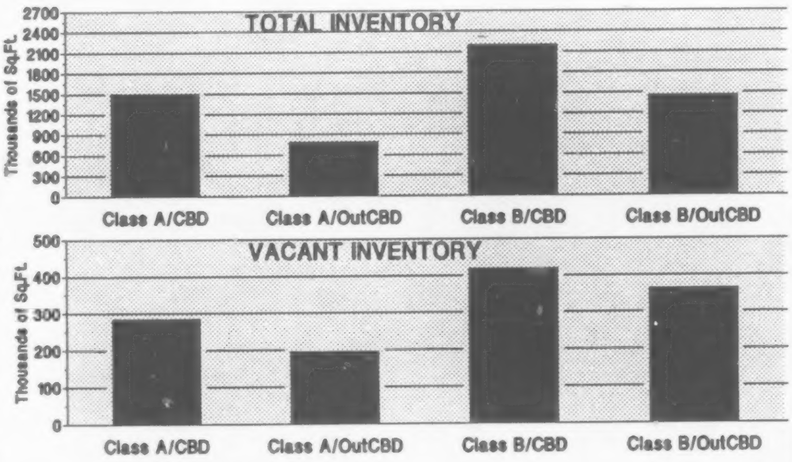
1987 REVIEW

Vacancies are high in Wichita and have been accented by the construction of the tallest office building in the state which has 285,000 square feet. This one building constitutes 19 percent of the Class A office space in the central business district. It is 22 stories tall and has essentially stifled new office construction. The building is 70 percent vacant. Class A vacancies range from 19 percent in the CBD to 25 percent in suburban areas. High vacancies have led owners to grant lease concessions amounting to a reduction in gross rental rates between 11 and 15 percent.

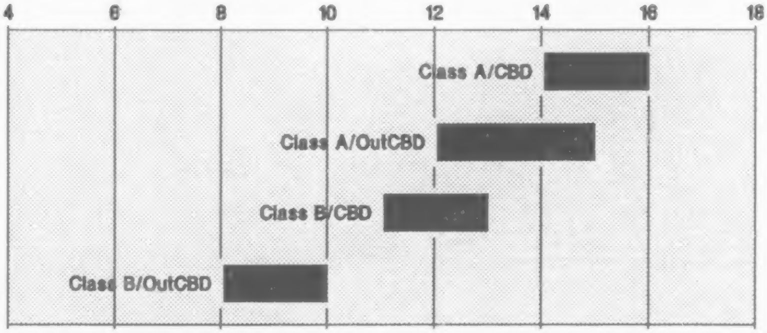
1988 FORECAST

Until the Wichita economy begins to grow again, it is unlikely there will be any relief from the current overbuilt situation. Estimates for 1988 are that absorption, rental rates and construction will increase one to five percent. Vacancies and concessions will decline one to five percent.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Parking
Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 11-15%

WILMINGTON: OFFICE

Market Area: Wilmington Metropolitan Area including New Castle County

DEMOGRAPHICS

POPULATION: 537,600
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: 2.4%
UNEMPLOYMENT RATE: 3.1%
PER CAPITA INCOME: $12,970

MARKET DATA

TOTAL INVENTORY

Class A/CBD: 2,007,806 sq.ft.
Class A/OutCBD: 3,143,764 sq.ft.
Class B/CBD: 1,042,798 sq.ft.
Class B/OutCBD: 529,997 sq.ft.

VACANT INVENTORY

Class A/CBD: 262,450 sq.ft.
Class A/OutCBD: 593,806 sq.ft.
Class B/CBD: 153,866 sq.ft.
Class B/OutCBD: 55,318 sq.ft.

VACANCY RATES

Class A/CBD: 13.1%
Class A/OutCBD: 18.9%
Class B/CBD: 14.8%
Class B/OutCBD: 10.4%

SUBLEASE INVENTORY

Class A: 55,000 sq.ft.
Class B: 11,000 sq.ft.

CURRENT CONSTRUCTION

Class A/CBD: 753,759 sq.ft.
Class A/OutCBD: 485,324 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION

Class A/CBD: 161,971 sq.ft.
Class A/OutCBD: 327,384 sq.ft.
Class B/CBD: 77,000 sq.ft.
Class B/OutCBD: 145,950 sq.ft.

STANDARD WORK LETTER

Typically based on dollars per square foot. Approximate dollar value: $14

TYPICAL PARKING RATIO

CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 400 sq.ft.

AVERAGE UTILITY RATES

CBD: $2.00 per sq.ft.
OutCBD: $2.00 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION

New space-stop; Existing-base year

MAJOR DEVELOPERS

Linpro
Trammel Crow

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Down 6-10%
VACANCIES: Same
RENTAL RATES: Same
LANDLORD CONCESSIONS: Up 1-5%

1987 REVIEW

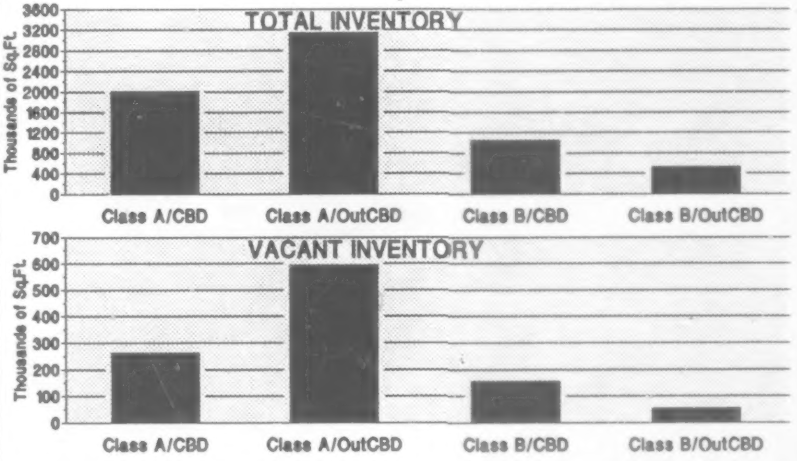
Delaware has become an attractive haven for regional banking interests. This has boosted the economy in the Wilmington area during the last 12 months. Since 1984, the total city and suburban office inventory has doubled, with record-breaking construction and absorption in each successive year.

The total vacancy rate in the market is around 15 percent. With vacancies above 10 percent, it is not surprising that landlords are making concessions in order to lease space. Usual methods are used to lower gross rents by six to 10 percent. Rental abatement, lease assumptions, moving allowance and extra fit-out are common in today's market.

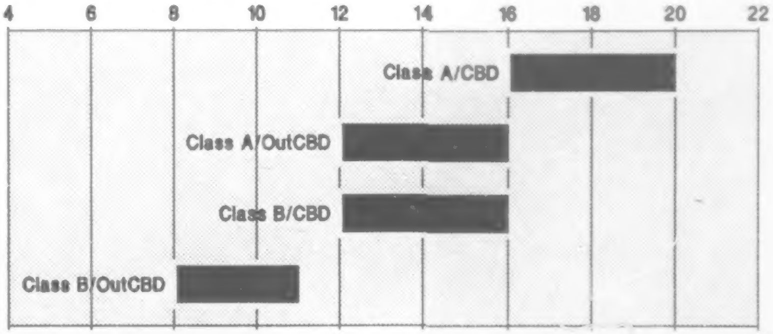
1988 FORECAST

Rising vacancy rates will reduce construction in 1988. With employment at record highs, a state budget surplus approaching $100 for every resident, and other positive indicators for the area, the office market will be strong in 1988.

INVENTORY PROFILE



OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:

Rental Abatement
Lease Assumptions
Moving Allowance
Additional Interior Improvements

RENTAL RATE DISCOUNT FACTOR: 6-10%

West Germany

MUNICH: OFFICE

Market Area: Munich Metropolitan Area including Upper Bavaria
Prices are quoted in U.S dollars with $1 = 1.66 marks

1987 REVIEW

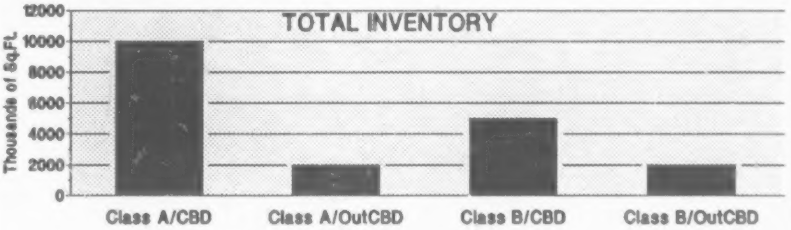
Munich has a very stable office building market. The vacancy rate is negligible for the entire metropolitan area. The international economic situation – specifically the volatile exchange rate between the dollar and the mark – has created a "wait and see" attitude among prospective tenants in West Germany.

SIOR panelists emphasize that it is often difficult to compare German real estate markets to those in the U.S. Fluctuating exchange rates alone make comparisons of rental rates and property values subject to considerable distortion.

1988 FORECAST

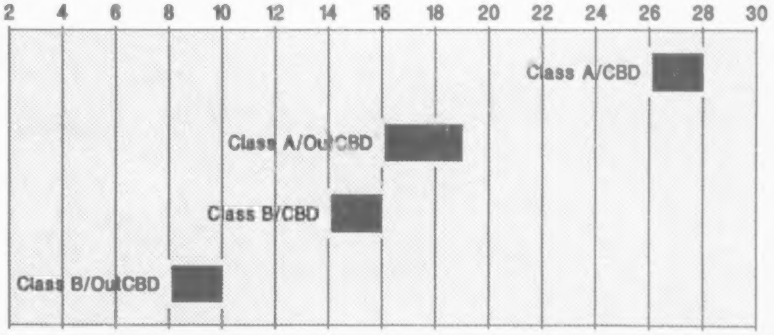
During the year 1988, the outlook for this part of Germany is quite good. Vacancies will remain negligible, affording landlords the opportunity to continue leasing space without having to offer concessions. With construction and absorption remaining the same as last year, rent increases will be moderate in the one to five percent range.

INVENTORY PROFILE



Vacancies In Munich Are Negligible

OFFICE RENTAL RATES
(Price Range/Dollars Per Square Foot)



TYPICAL CONCESSIONS:
none

RENTAL RATE DISCOUNT FACTOR: 0-5%

DEMOGRAPHICS

POPULATION: n/a
POPULATION GROWTH RATE: n/a
EMPLOYMENT GROWTH RATE: n/a
UNEMPLOYMENT RATE: n/a
PER CAPITA INCOME: n/a

MARKET DATA

TOTAL INVENTORY
Class A/CBD: 10,000,000 sq.ft.
Class A/OutCBD: 2,000,000 sq.ft.
Class B/CBD: 5,000,000 sq.ft.
Class B/OutCBD: 2,000,000 sq.ft.

VACANT INVENTORY
Class A/CBD: 0 sq.ft.
Class A/OutCBD: 0 sq.ft.
Class B/CBD: minimal
Class B/OutCBD: minimal

VACANCY RATES
Class A/CBD: 0% sq.ft.
Class A/OutCBD: 0% sq.ft.
Class B/CBD: 1.2%
Class B/OutCBD: 1.2%

SUBLEASE INVENTORY
Class A: n/a
Class B: n/a

CURRENT CONSTRUCTION
Class A/CBD & OutCBD: 2,000,000 sq.ft.
Class B/CBD: 0 sq.ft.
Class B/OutCBD: 0 sq.ft.

NET ABSORPTION
Class A/CBD & OutCBD: 2,000,000 sq.ft.
Class B/CBD & OutCBD: 2,000,000 sq.ft.

STANDARD WORK LETTER
Typically based on dollars per square foot and quantity of materials. Approximate dollar value: $10 per sq.ft.

TYPICAL PARKING RATIO
CBD: 1 per 1000 sq.ft.
OutCBD: 1 per 600 sq.ft.

AVERAGE UTILITY RATES
CBD: $1.20 per sq.ft.
OutCBD: $1.20 per sq.ft.
Space for lease is typically separately metered.

OPERATING COST ESCALATION
Full Pass Through

MAJOR DEVELOPERS
n/a

OUTLOOK

ABSORPTION: Same
CONSTRUCTION: Same
VACANCIES: Same
RENTAL RATES: Up 1-5%
LANDLORD CONCESSIONS: Same

Office Survey Questionnaire

SOCIETY OF INDUSTRIAL AND OFFICE REALTORS®
OFFICE REAL ESTATE MARKET SURVEY
1987 REVIEW/1988 FORECAST

READ CAREFULLLY BEFORE FILLING OUT QUESTIONNAIRE: This questionnaire must be received by the SIOR National Office by *December 1, 1987* if your report is to be included in the 1987 Industrial/Office Real Estate Market Review/1988 Forecast. For data compilation reasons, any surveys received after December 1, 1987 cannot be used.

- Please type or print your answers clearly.
- The individual reporter must be an active or affiliate member of SIOR.
- Be sure to include both the individual's name and the firm's name. Questionnaires which are incomplete will not be used in the final report.
- If you have any questions, please contact:

Linda Nasvaderani
Society of Industrial and Office REALTORS
777 14th Street, N.W., Suite 400
Washington, D.C. 20005-3271 Phone: (202) 383-1138

Thank you for your time and cooperation.

IDENTIFICATION

Reporters' Names ____________________

____

Firm Name ____________________

Address ____________________

City State ZIP ____________________

Business Phone ____________________

Please identify the market area for which you are reporting:

CBD ____________________

____

OUTSIDE CBD ____________________

____

Describe submarkets, if any (counties, urban clusters, etc.).

____

IMPORTANT

SIOR is interested in learning more about your market area. Please send any information about your local economy and local real estate markets with your survey. If specific information is not conveniently available, perhaps you can send an address where information can be obtained. Information on your market area can be obtained from:

NAME: ____________________
ADDRESS: ____________________
____
TYPE OF INFORMATION ____________________

NAME: ____________________
ADDRESS: ____________________
____
TYPE OF INFORMATION ____________________

SECTION I: INVENTORY DATA

DEFINITIONS -- PLEASE READ CAREFULLY

CBD -- Central Business District space located near the historical urban core commonly associated with traditional government and financial districts in most cities.

OUTSIDE CBD -- Includes both suburban areas and "urban clusters" with areas of high office space concentrations which often rival nearby CBD's.

CLASS A -- Excellent location, high quality tenants, high quality finish, well-maintained, professionally managed, and usually new, or old buildings that are competitive with new buildings.

CLASS B -- Good location, professionally managed, fairly high quality construction and tenancy. Class B buildings generally show very little functional obsolesence and deterioration.

1. What is the total square footage of rentable (ready for tenant finish) space in your market area? Do not include owner-occupied space.

CLASS A	***CLASS B***
CBD ______________	CBD ______________ ________
OUTSIDE CBD ______________	OUTSIDE CBD ______________

2. What is the total square footage of rentable space that is vacant and available to lease *(including sublease space)?*

CLASS A	***CLASS B***
CBD ______________	CBD ______________
OUTSIDE CBD ______________	OUTSIDE CBD ______________

3. Of the above square footage, how much is presently available for sublease?

CLASS A ______________ ***CLASS B*** ______________

4. What is the total square footage presently under construction (i.e. square footage that will be available for occupancy within 12 months)?

CLASS A	***CLASS B***
CBD ______________	CBD ______________
OUTSIDE CBD ______________	OUTSIDE CBD ______________

5. What was the net absorption of office space in your market area in 1987? (Net absorption is the net change in occupied stock.)

CLASS A	***CLASS B***
CBD ______________	CBD ______________
OUTSIDE CBD ______________	OUTSIDE CBD ______________

SECTION II: RENTAL RATES

6. Please indicate the range of quoted gross rental rates in your market area. (Dollars per rentable square foot per year.)

CLASS A -- CBD

☐ $14-$16
☐ $17-$19
☐ $20-$22
☐ $23-$25
☐ $26-$28
☐ $29-$31
☐ $32-34
Other ________

CLASS A -- OUTSIDE CBD

☐ $12-$15
☐ $16-$19
☐ $20-$22
☐ $23-$25
☐ $26-$28
☐ $29-$31
☐ $32-$34
Other ________

CLASS B -- CBD

☐ $8-$10
☐ $11-$13
☐ $14-$16
☐ $17-$19
☐ $20-$22
☐ $23-$25
☐ $26-$28
Other ________

CLASS B -- OUTSIDE CBD

☐ $8-$10
☐ $11-$13
☐ $14-$16
☐ $17-$19
☐ $20-$22
☐ $23-$25
☐ $26-$28
Other ________

SECTION III: LANDLORD CONCESSIONS

7. Are the following landlord lease concessions common in your market area today?

☐ Yes ☐ No Parking
☐ Yes ☐ No Rental Abatement
☐ Yes ☐ No Lease Assumptions
☐ Yes ☐ No Moving Allowance
☐ Yes ☐ No Additional Interior Improvements
☐ Yes ☐ No Signing Bonuses
☐ Yes ☐ No Club Memberships
Other ________________
Other ________________
Other ________________

8. What is the cummulative affect of landlord lease concessions on gross rental rates?

☐ 0-5% ☐ 6-10% ☐ 11-15% ☐ 16-20% Other ________

SECTION IV: OTHER MARKET INFORMATION

9. Is the standard work letter (slab-to-slab) for Class A, first-generation space in your market area typically...

☐ based on the quantity of materials?
☐ based on dollars per square foot?

In either case, what is the approximate dollar value of the standard work letter in your market area?

☐ $8 ☐ $10 ☐ $12 ☐ $14 Other______

10. What parking ratios are common in your market area?

CBD ☐ 1 per 1000 Sq.Ft. ☐ 1 per 2000 Sq.Ft. ☐ 1 per 5000 Sq.Ft. Other__________

OUTSIDE CBD ☐ 1 per 200 Sq.Ft. ☐ 1 per 400 Sq.Ft. ☐ 1 per 600 Sq.Ft. Other__________

11. What are average utility rates per square foot in your market area?

*CBD*______________

OUTSIDE CBD ______________

Is space for lease typically separately metered? ☐ Yes ☐ No

12. Who are the major developers in your market area?

☐ **Hines**
☐ **Vantage**
☐ **Trammel Crow**
☐ **Olympia & York**
☐ **Lincoln**
☐ **Oxford**

Other Major Developers:
____
____
____
____
____

13. How is operating cost escalation determined?

☐ Base Year ☐ Stop

If stop, please specify:______________________________

SECTION V: OUTLOOK

14. What is the outlook in your market area for 1988?

	INCREASE				*DECREASE*			*OTHER*
Absorption	☐ 1-5%	☐ 6-10%	☐ 11-15%	☐ SAME	☐ 1-5%	☐ 6-10%	☐ 11-15%	OTHER_____%
Construction	☐ 1-5%	☐ 6-10%	☐ 11-15%	☐ SAME	☐ 1-5%	☐ 6-10%	☐ 11-15%	OTHER_____%
Rental Rates	☐ 1-5%	☐ 6-10%	☐ 11-15%	☐ SAME	☐ 1-5%	☐ 6-10%	☐ 11-15%	OTHER_____%
Vacancies	☐ 1-5%	☐ 6-10%	☐ 11-15%	☐ SAME	☐ 1-5%	☐ 6-10%	☐ 11-15%	OTHER_____%
Landlord Concessions	☐ 1-5%	☐ 6-10%	☐ 11-15%	☐ SAME	☐ 1-5%	☐ 6-10%	☐ 11-15%	OTHER_____%

Please provide SIOR with a brief overview of your local economy and office real estate market. ______________________________
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